



MEMORANDUM

Date: June 27, 2006
To: PLANNING COMMISSION
From: COMMUNITY DEVELOPMENT DEPARTMENT
Subject: GPA 01-09: City of Morgan Hill, Adoption of Housing Element Update

REQUEST

Amendment to the General Plan by adoption of an update of the Housing Element

RECOMMENDATION

Environmental Assessment:

Application GPA 01-09: Open public hearing and continue to July 11, 2006
Planning Commission meeting

Processing Deadline: July 11, 2006

BACKGROUND

State requires each city to include a Housing Element within its General Plan. The law is very specific regarding the time frame for which the Element must be prepared and the content of the Element. The most recent State time frame for the Morgan Hill Housing Element is for the period between 1999 and 2006. The required contents of this Element are more detailed and specific than for any other required Element. In addition, the Housing Element is the only Element of the General Plan that the State is authorized to “certify” as being in compliance with the law. State law requires Housing Elements to include:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- An inventory of adequate residential sites available for a variety of housing types for all income levels.
- A statement of the community’s goals, quantified objectives and policies relevant to the maintenance, improvement and development of housing.

- A program that sets forth a five-year schedule of actions that the city will undertake to implement the policies and achieve the goals of the Element.

In addition, the State provides each city with a number of housing units which the city is to accommodate during the time frame of the Element. That number is referred to as the Regional Housing Needs Determination (RHND). For Morgan Hill, the overall number of housing units to be accommodated during the 1999 – 2006 time period is 2484.

The City initiated an update of the Housing Element to address State requirements in 2001. The update was undertaken by 9-member advisory committee consisting of members of the City Council, Planning Commission and representatives of home building, real estate and banking industries. Commissioner Mueller served on that committee. A draft Element was prepared and submitted to the State Department of Housing and Community Development (HCD) for review in 2002. HCD representatives requested only minor changes to the Element intended to ensure that all requirements of the law were met. However, HCD staff indicated the Element could not be certified unless the City could accommodate the RHND. Given the declining number of units that could be approved annually under Measure P, the City was unable to accommodate that number of units.

With passage of Measure C in 2004, the number of units that could be allocated annually increased to approximately 250. This increase allowed the City to meet the RHND. As a result, the draft Housing Element has been modified to address the comments received from HCD and updated to comply with amendments to State law that were enacted subsequent to the drafting of the Element. The revisions to the Element have been submitted to HCD for comment. Those comments should be received prior to the June 27 Commission meeting.

PROJECT DESCRIPTION

The Housing Element has been structured in a way that demonstrates compliance with State law. Major sections of the Element are devoted to documenting compliance of the new Element with other portions of the General Plan, describing the achievements under the current Housing Element and defining new goals, policies and actions of the Element. In addition, Appendix B to the Element includes a Housing Needs Assessment. That document provides background information on the housing needs and conditions in the City in order to prepare goals and policies that will adequately meet the needs of the community.

The current Housing Element was adopted in 1990 and was intended to provide guidance for City housing activities for the period of 1990 to 1995. The Evaluation of Achievements section of the draft Element (pages 20 – 35) includes an assessment of the accomplishments of the current Element from 1988 to 1998. Overall, the City was very successful in addressing the Action items within the Element. During that time period, 519 affordable units were produced, nearly one quarter of all new units. \$9.5 million of Redevelopment Agency funds were used to assist in the construction or rehabilitation of 404 homes, 266 of which were rental units.

The updated Goals, Policies and Actions of the draft Housing Element are contained on pages 36 through 53 of the document. Most of the Goals, Policies and Actions of the current Element continue to reflect City housing policy and have not been substantively changed in the draft Element. “Objectives” in the current Element have been eliminated as they are inconsistent with the format of other elements of the General Plan. Several of the existing Policies and Actions have been eliminated in the draft Element as they have been accomplished, were found to be ineffective or are no longer relevant. The rationale for their elimination is included in the Evaluation of Achievements section of the draft Element. No new Goals are proposed. Several new Policies and Actions are included. They are shown in italicized text in the draft Element for ease of identification. Included with the Goals, Policies and Actions is an action plan for implementation of the Actions included within the draft Element. The action plan consists of the responsibility, time frame and funding for completion of the Action items in the Element. In that the 1999 – 2006 time horizon for the draft Element is complete, Staff has included the accomplishments for those Actions which had a specific time frame for completion.

The Housing Needs Analysis (Appendix B to the draft Element) includes an assessment of City housing needs and an inventory of resources and constraints relevant to meeting those needs. Much of the demographic data in this Analysis comes from the 1990 census and is therefore out of date. A description of the Regional Housing Needs Determination is included on pages 45 – 47 of the Analysis. Table 27 (page 48) identifies the City’s housing production relative to the RHND. Data on that table is based on State Department of Finance estimates and City RDCS allotments. The table illustrates that over the seven-year time period, the City has produced slightly more housing than identified in the State allocation. By income level, the City provided 80% of the target for very low-income households, 130% of target for low-income households, 50% for moderate-income households, and 123% for above moderate-income households.

The Housing Needs Analysis also includes an inventory of vacant residentially zoned sites for future housing. That inventory identifies in excess of 700 acres within the City that is available for development. Under current zoning, that land can accommodate approximately 3,700 additional housing units.

CONCLUSIONS and RECOMMENDATIONS

Staff supports the proposed amendments to the Housing Element. The amendments reflect the City’s successes with its housing programs and initiatives and include new actions to address identified needs. Staff recognizes that changes have occurred since the update was drafted and that more up-to-date data is available on which to base City housing policy. However, the current State schedule requires the City’s Element be updated and submitted for review again in June, 2009. At that time, a thorough review of existing policy and future needs should be undertaken.

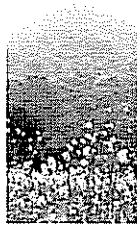
Staff recommends the Commission take the following steps:

- Open the public hearing and receive testimony regarding the draft Element,
- Discuss the document and direct staff to provide any additional necessary information,
- Continue the public hearing to the Commission's July 11 meeting.

Enclosures: Draft Housing Element
Draft Housing Needs Assessment



HOUSING ELEMENT



DRAFT

JUNE 2006

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Introduction

Contents of the Housing Element

The Housing Element of the General Plan is a comprehensive statement by the City of Morgan Hill of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. The policies contained in this Element are an expression of the statewide housing goal of “attaining decent housing and a suitable living environment for every California family,” as well as a reflection of the unique concerns of the community. The purpose of the Housing Element is to establish specific goals, policies, and objectives relative to the provision of housing, and to adopt an action plan toward this end. In addition, the Element identifies and analyzes housing needs, and resources and constraints to meeting those needs.

The Morgan Hill Housing Element is based on the following strategic goals: 1) adequate housing to meet future needs, 2) preservation of existing housing supply, and 3) adequate housing for groups with special needs.

In accordance with State law, the Housing Element is to be consistent and compatible with other General Plan Elements. Additionally, the Housing Element should provide clear policy and direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. State law (Government Code Sections 65580 through 65589) mandates the contents of the housing element. By law, the Housing Element must contain:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- A statement of the community’s goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing.
- A program that sets forth a five-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

The housing program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low- and moderate-income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

Although, by nature of the state mandate, the Housing Element tends to focus on the affordability and availability of housing for low- and moderate-income households and families, the Element must also address the housing needs and related policy issues for the entire community and be consistent with the adopted policies of the rest of the General Plan. For these reasons, the focus of the updated Housing Element will be on policies and programs that can balance the desire of residents to maintain the character of residential neighborhoods, manage traffic, minimize visual and other impacts of new development, while addressing the needs of low- and moderate-income households and special needs groups (such as seniors and individuals with disabilities).

Efforts to achieve Citizen Participation

Requirements of State Law

State law requires cities and counties to make a diligent effort to achieve participation by all segments of the community in preparing a housing element. Section 65583[c][6] of the California Government Code specifically requires that:

The local government shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the program shall describe this effort.

The diligent effort required by State law means that local jurisdictions must do more than issue the customary public notices and conduct standard public hearings prior to adopting a Housing Element. State law requires cities and counties to take active steps to inform, involve, and solicit input from the public, particularly low-income and minority households that might otherwise not participate in the process. Active involvement of all segments of the community can include one or more of the following:

- Outreach to community organizations serving low-income, special needs, and underserved populations;
- Special workshops, meetings, or study sessions that include participation by these groups;
- Establishment of an advisory committee with representatives of various housing interests; and
- Public information materials translated into languages other than English if a significant percentage of the population is not English proficient.

To meet the requirements of state law, the City of Morgan Hill has undertaken the following public outreach and community involvement activities.

Public Meetings and Hearings

To meet the requirements of state law regarding public participation, Morgan Hill relied on two primary strategies. First, the City convened a task force to advise the City in the development of the Housing Element. The task force included representatives of the real estate industry, lending institutions, homebuilders, affordable housing organizations, public agencies that serve special needs groups, the City Council and the Planning Commission. The task force met five times during key points in the process.

Second, the City conducted two public workshops before the City Council and Planning Commission to identify key issues on which to focus the Housing Element update, review the City's achievements in implementing actions under the previous Housing Element, and seek public input on proposed modifications to existing policies and programs. The first public workshop was held on October 29, 2001, and the second on December 12, 2001. Community organizations and public agencies that were invited to attend the workshops included:

- Legal Aid Society of Santa Clara County
- Greenbelt Alliance

- Emergency Housing Consortium
 - Habitat for Humanity
 - Community Solutions*
 - South County Housing*
 - Santa Clara County Housing Authority*
 - Silicon Valley Manufacturing Group*
 - Santa Clara County Housing Action Coalition*
- *Members of the City's Housing Element Task Force

In addition to the public workshops, a joint public meeting and public hearings were conducted before the Planning Commission and the City Council on the draft and final versions of the Housing Element to provide additional opportunities for public input.

A joint meeting of the Planning Commission and City Council was conducted on December 12, 2001 with opportunities for public comment on the draft Housing Element prior to submittal to the California Department of Housing and Community Development for review. Notice of the joint public meeting was sent to the same organizations listed above and to the community at large through the City's customary public notification process. Notification included publication in a community newspaper of general circulation, posting on the City's web site, posted notices at City Hall and other public establishments, and public service announcements to local media, including local cable access television.

A public hearing before the Planning Commission on the final Housing Element was conducted on June 27, 2006. The City Council adopted the Housing Element at a public hearing on July 19, 2006.

Facsimiles of the public notices and minutes of the public workshops are included in Appendix A.

Current City and County Housing Programs

County Housing Programs

The Santa Clara County Community Development Commission/Housing Authority administers the Section 8 Housing Assistance Payments Program (HAPP). This program links landlords with tenants eligible for rental assistance. HAPP guarantees landlords fair market rent while providing subsidies for tenants in rental properties. HAPP tenants are those elderly, handicapped, or low-income families needing help to secure decent housing. Morgan Hill is participating in this program that encourages landlords to accept Section 8 vouchers, and will be on the list of cities in the rent subsidy program. The County has four Federal grant programs to assist eligible persons seeking permanent, transitional, or emergency housing-related services.

Community Development Block Grants (CDBG)

Morgan Hill participates in the Santa Clara County CDBG program that provides funding to nonprofit agencies to enable them to offer housing and housing-related services to eligible lower-income persons including seniors, persons with disabilities, and the homeless and battered spouses. The Program provides funding for acquisitions, construction, or rehabilitation of affordable housing to lower-income persons. Each of the Urban County cities develops its own CDBG program. Each city has a housing rehabilitation program offering low-interest loans or grants for home repair to qualified Urban County residents. Individual initiative and the use of CDBG funds have helped. In previous years the CDBG program has been used to assist with home improvement for applicants that meet the income guidelines.

Home Program (Home Investment Partnership Act)

This program provides loans and grants to nonprofit organizations to assist with financing to develop permanently affordable housing through acquisition, construction, or rehabilitation.

Emergency Shelter Grant Program

The Emergency Shelter Grant Program (ESG) provides grants to nonprofit organizations operating existing homeless shelters for rehabilitation of the facility, maintenance and operations, essential supportive services and prevention of homelessness.

Shelter Plus Care

Shelter Plus Care (S+C) provides a five-year rent subsidy to homeless/disabled individuals and their families to assist them in securing permanent affordable rental housing. Applicants must be currently homeless and must be diagnosed with one of the following disabilities: mental illness, HIV/AIDS, or a drug and/or alcohol dependency. In addition to rent subsidy, the program also arranges for various treatment services and case management. S+C clients are required to pay 30 percent of their monthly income toward rent; S+C pays the balance.

Morgan Hill Housing Programs

The City of Morgan Hill provides a number of programs through the Housing Division of the Morgan Hill Redevelopment Agency to assist housing problems. As of November 2001, the Agency had an unencumbered cash balance in its Housing Set-Aside fund of \$2 million, and estimates that between 2001 and 2005, an additional \$16.5 million in Set-Aside funds will become available to support the Agency's housing programs.

The City of Morgan Hill Below Market Rate Housing Program (BMR) helps qualifying buyers obtain affordably priced homes. Between 1990 and 1997, 185 new BMR housing units have been produced in Morgan Hill of which 93 were lower-income, 86 were median-income, and six were moderate-income units. Since 1998, 67 units were constructed under this project including 61 lower-income units and six median-income units. A total of 252 units have been constructed under this program since 1990. Program participants must be income eligible and are placed on a waiting list until an affordable unit is placed on the market. The waiting list for low-income housing has been closed as of June 2001 due to the large interest in the program. When an eligible person's name reaches the top of the waiting list, and a BMR home becomes available, the eligible person may determine whether or not they wish to purchase the home. If three homes are declined, the eligible person is moved to the bottom of the waiting list. This program helps lower and moderate-income households purchase homes that are affordable and adequate to their needs. It also prevents affordable homes from being sold to persons with little or no income obstacles, maintaining a larger base of affordable homes in the area. Home prices range from \$128,055 for a low-income, two-bedroom home to \$309,284 for a moderate-income, four-bedroom home.

In addition to the BMR Homeownership Program, the City offers the BMR Rental Program to provide rental assistance to lower-income households. Since 1990 the program has assisted 85 households, plus an additional 148 households from a Federal Tax Credit project not assisted by the City. Program participants must be income eligible and be a resident of Santa Clara County or employed in Morgan Hill. Eligible participants are placed on a waiting list and must reapply annually. Households on the waiting list must also meet the requirements of the owner/agent to receive housing. These requirements may include a credit check, references, ability to meet deposit requirements, etc. to ensure the owner/agent that the potential tenant is responsible. Tenants under the program must re-certify annually that they still qualify to be eligible to receive continued coverage. Current rental rates range from \$625-\$818 for a one-bedroom unit rented to a very low-income household, to \$1,475 to \$1,519 for a four-bedroom unit rented to a lower-income household. Rents include utilities.

The City also offers a Housing Rehabilitation Loan Program, where loans are given to lower-income single-family owner occupants and owners of rental housing with income-qualified renters in order to maintain and improve housing conditions, which also allows the City to maintain its stock of affordable housing. The loans are available to qualifying homeowners and owners of rental properties in which at least 51 percent of the rental units are occupied by lower-income tenants. Loans may be used for plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City. Loans range from \$0 to \$65,000 depending on the work needed and the type of unit being repaired. Interest rates range from 3.0 percent to 7.0 percent for rental property loans and 3.75 percent to 6.75 percent for owner occupied properties. The maximum loan term is 20 years, and may be amortized or deferred. Loans are financed through Redevelopment Agency (RDA) 20 Percent Set-aside Funds and CDBG monies. In fiscal year 1999-2000, 11 single-family units were rehabilitated. Since 1987, 28 property owners have received loans under CDBG financing and 43

property owners have received loans under the RDA Set-aside Funds. Therefore, a total of 71 property owners have received assistance through this program.

The City's Minor Home Repair Grant Program is broken into two subprograms: the Senior/Special Needs Housing Repair Program and the Mobile Home Repair Program are administered by the Business Assistance and Housing Services Department. Although eligibility requirements slightly differ, both programs allow eligible applicants to receive a home repair grant up to \$5,000. No repayment is required, as funding is made possible by the City's Redevelopment Agency Set-aside Funds for low-income housing repair. Eligible persons must meet homeownership, age, disability, and income requirements for the Senior/Special Needs Housing Repair Program or mobilehome ownership and income limits for the Mobile Home Repair Program. Eligible repair work includes: plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City.

Housing Set Aside Projections for 2000 through 2004 estimate \$13,987,820 will be available for housing rehabilitation loans (30 percent or 190 loans), senior housing and mobile home repair grants (15 percent or 300 loans), below market rate housing (5 percent), and new development/major rehabilitation/special programs (50 percent or 200 projects).

Internal Consistency of General Plan

State law requires the Housing Element contain a statement of "the means by which consistency will be achieved with other general plan elements and community goals" (California Government Code, Section 65583[c][6][B]). There are two aspects of this analysis: 1) an identification of other General Plan goals, policies, and programs that could affect implementation of the Housing Element or that could be affected by the implementation of the Housing Element, and 2) an identification of actions to ensure consistency between the Housing Element and affected parts of other General Plan elements.

The Morgan Hill General Plan contains several elements with policies related to housing. Policies and the means for achieving consistency are summarized below in Table 1. The City will ensure consistency between the Housing Element and General Plan policies through the following actions in the Housing Element:

Table 1		
Consistency of Housing Element with Other General Plan Policies		
General Plan Element	Policy	Means for Achieving Consistency
Community Development	Policy 2.a	<p><i>Encourage the orderly development of the city, with concentric growth and infill of existing developed areas.</i></p> <p>The General Plan designates areas for future residential development primarily within and adjacent to existing developed areas. This policy is reinforced through zoning that provides for higher densities in these areas.</p>
	Policy 2.b	<p><i>Ensure that facility/service standards can be met for new development by the time of occupancy.</i></p> <p>The City updates its capital improvement plan and budget annually to ensure that infrastructure is available to serve new residential development prior to occupancy.</p>
	Policy 2.d	<p><i>Plan for the needs of all socioeconomic segments of the community, encouraging self-sufficiency in jobs and housing within the city.</i></p> <p>The City has implemented a balanced approach to growth through the distribution of land uses for residential, commercial, and industrial purposes in the General Plan. The City's General Plan and zoning provides for a range of residential densities to meet the housing needs of all income groups. The objective of providing for all income groups is further reinforced through the City's Residential Development Control System (RDCS), which sets-aside 20 percent of the housing unit allocation for developments that contain 100 percent affordable housing and awards points for market-rate developments that include affordable housing.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 6.a	<p><i>Avoid development in areas of natural hazards such as landslide and flood prone areas.</i></p> <p>The City's zoning and development standards ensure that residential development does not expose residents to unreasonable levels of natural hazards.</p>
	Policy 6.b	<p><i>Encourage the clustering of residential units to provide open space and recreation areas, and to provide buffer areas between different land uses.</i></p> <p>The General Plan Community Development Element and implementing zoning provide for a range of residential developments, allow planned developments, and encourage clustering of dwelling units to preserve open space.</p>
	Policy 6.c	<p><i>Evaluate potential impacts of development projects on adjacent uses in initial environmental assessments and EIRs.</i></p> <p>The City's environment assessment procedures require consideration of potential adverse environmental impacts from new development and mitigation of those impacts, if feasible. The General Plan Community Development Element contains policies to reduce potential conflicts among land uses.</p>
	Policy 7.b	<p><i>Plan for an approximate 70/30 ratio of single family detached to single family attached and multi-family housing for all residential development.</i></p> <p>The City's General Plan Community Development Element distributes land uses among low, medium, and high density residential uses. To date, the result has been that about 28% of the City's housing stock consists of attached single-family and multifamily dwellings. This policy has not limited the City's ability to zone sufficient land to meet its very low-, low-, and moderate-income housing needs or to allocate such units through the RDCS. If this policy creates a constraint in the future, the City may need to re-evaluate the 70/30 policy and its implementation through the RDCS.</p>
	Policy 7.c	<p><i>Under the RDCS procedures, continue to emphasize single-family development in the distribution of units between single and multi-family development.</i></p> <p>To date, these policies have not limited the City's ability to zone or allocate sufficient units at appropriate densities to meet its housing needs for all income groups. Currently, the City's RDCS system includes a set-aside for affordable housing and points for market-rate developments that contain affordable units. The City will re-evaluate and modify this policy in the future if it creates a constraint to accommodating the City's affordable housing needs.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 7.d	<p><i>Encourage higher residential densities at locations where convenient access and adequate infrastructure is readily available.</i></p> <p>The City has taken these criteria into consideration in assigning land use designations under the General Plan.</p>
	Policy 7.e	<p><i>Provide for an adequate supply of multi-family housing, located convenient to shopping, services, and transportation routes.</i></p> <p>See explanation of policy 7.d.</p>
	Policy 7.f	<p><i>Continue to provide for mobile home parks and modular home developments at appropriate locations within the city, employing high standards of site planning and design.</i></p> <p>The City continues to permit manufactured housing on single-family lots and mobilehome parks in residential areas, subject to development policies contained in the Community Development Element and standards included in the Zoning Ordinance.</p>
	Policy 7.h	<p><i>Utilize all parcel sizes and land use categories in updating the City's Zoning Ordinance to provide for a full range of residential densities and housing types.</i></p> <p>The City's zoning code permits densities of up to 40 dwelling units per acre on appropriate sites, sufficient for a range of housing unit types, from single-family homes on large lots to rental apartments. The City also permits housing in the mixed use zoning district, further increasing the range of residential options.</p>
	Policy 7.i	<p><i>Encourage a mix of housing types and lot sizes within residential projects with five or more lots or units.</i></p> <p>The point system contained in the RDCS encourages this mix.</p>
	Policy 7.j	<p><i>Support actions to maintain an adequate supply of single family housing throughout the community, including provision of affordable single family housing to those persons who work within the community.</i></p> <p>The City has identified sufficient land zoned for single-family use to meet the City's needs through at least 2020. The General Plan and implementing zoning provide for a medium-density residential category that encourages the production of small-lot and/or attached single-family homes that are affordable to moderate-income households.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 7.k	<p><i>To the maximum extent possible, emphasize single-family units in affordable housing allocations, rental and ownership housing assistance projects, and rehabilitation programs to improve the existing housing stock.</i></p> <p>Application of the RDCS point system encourages the inclusion of affordable single-family homes in market-rate projects. Most of these homes are affordable to moderate-income households, although a few have been affordable to low-income households. The RCDS also includes a 20 percent set-aside for 100 percent affordable housing developments. General Plan policies encourage the preservation of existing residential neighborhoods, and the Redevelopment Agency has implemented these policies by providing funding for housing rehabilitation.</p>
	Policy 7.l	<p><i>Encourage preservation and rehabilitation of single-family neighborhoods within the city.</i></p> <p>See policy 7.k</p>
	Policy 7.m	<p><i>Allow residential uses in commercial zones and residential and commercial uses within a structure in a commercial zone, subject to meeting performance standards.</i></p> <p>The General Plan and implementing zoning allow residential uses (either as stand-alone or mixed-use projects) in the Central Commercial-Residential district.</p>
	Policy 7.n	<p><i>Subject mobile home park and subdivision development to RPD zoning.</i></p>
	Policy 7.p	<p><i>Provide housing at a range of costs that meet the needs of all sectors of the workforce.</i></p> <p>The City's General Plan land use designations, implemented through the Zoning Ordinance and the RDCS, encourage a mix of housing types and cost ranges. The Community Development Element provides for a range of residential densities, up to 40 dwelling units per acre.</p>
	Policy 7.q	<p><i>The area designated for Single Family Low Density residential use located at the southwest corner of the intersection of Murphy and Diana Avenues shall be implemented using the R-1 12,000 zoning district.</i></p> <p>The designation of this area as R-1 12,000 is consistent with the range of residential densities encouraged under the Housing Element and will not conflict with the City's ability to accommodate its future housing needs under the Housing Element.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 8.a	<p><i>Maintain distinct boundaries between commercial uses and residential neighborhood.</i></p> <p>The General Plan land use diagram provides for appropriate boundaries between commercial and residential areas. General Plan policies also permit residential and residential-commercial mixed-use projects in the Central Commercial – Residential zone. Buffers between residential and commercial uses can be required as part of the site design process.</p>
	Policy 8.b	<p><i>Require any higher-density multi-family developments to include site design and a variety of unit types to mitigate potential impacts typically associated with larger projects.</i></p> <p>The City's RDCS includes points for project design that address impacts associated with higher-density development. The City has applied the RDCS system to ensure both high quality design and affordability of housing for all income groups.</p>
	Policy 8.c	<p><i>Design residential neighborhoods so they are distinct and separated from conflicting non-residential uses.</i></p> <p>See policy 8.a.</p>
	Policy 12.a	<p><i>Avoid monotony in the appearance of residential development.</i></p> <p>The City's RDCS includes points for creative project design.</p>
	Policy 12.d	<p><i>Rehabilitate or replace run-down, blighted buildings and developments, including trailer courts.</i></p> <p>The Community Development Element of the General Plan includes policies for preserving for existing residential neighborhoods when possible. The Morgan Hill Redevelopment Agency has used its funds to rehabilitate or replace housing to achieve these policies.</p>
	Policy 13.1	<p><i>Encourage residential uses on upper floors above commercial uses in the downtown area.</i></p> <p>The Community Development Element and implementing zoning provide for residential uses on upper floors above commercial uses and ground floor elsewhere, which potentially permits a broader range of housing options to achieve the objectives of the Housing Element.</p>
	Policy 15.b	<p><i>Maintain existing residential feathering [transitional features] south of Watsonville Road and west of Monterey Road, and maintain the residential estate designation east of Monterey Road to the railroad</i></p> <p>The City has adopted land use designations, implementing zoning, and design standards to achieve a transition from rural to urban uses. This transition is consistent with the Housing Element, which seeks to provide for a range of residential development patterns and housing types.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 19.k	<p><i>In order to avoid de facto segregation in schools, plan housing for low and moderate-income families throughout the South County where urban services are available. Avoid concentration of such housing in any one area.</i></p> <p>Through the application of land use designations in the General Plan and the RDCS system, the City has avoided over-concentration of any one housing type in a specific part of the City.</p>
	Policy 20.b	<p><i>Septic systems should be used only for low-intensity uses where they will not have a negative impact on the environment.</i></p> <p>The City requires new housing units to connect to the public sewer system, unless the property owner can show adequate site and soil capability to store and process wastewater on site.</p>
	Policy 21.b	<p><i>Ensure that new development does not exceed the water supply.</i></p> <p>Anticipated development, including residential development at least through 2006, will not result in a shortage of storage, treatment, or distribution capacity that would negatively impact the City's ability to accommodate its regional housing allocation for all income groups.</p>
	Policy 21.f	<p><i>Protect streambeds and other appropriate percolation areas from encroachment by urban development.</i></p> <p>The General Plan designates land uses for urban development and contains policies for direct development away from such environmentally sensitive areas. The City does not anticipate that the presence of such sensitive areas will affect the ability of Morgan Hill to accommodate future housing needs under the Housing Element.</p>
Economic Development	Policy 1.f	<p><i>Encourage mixed-use development downtown with residences above ground floor commercial uses.</i></p> <p>See policy 13.1.</p>
	Policy 2.c	<p><i>Balance job and housing supplies to minimize housing cost increases, traffic congestion and commute times, and to optimize economic diversity and capacity to provide services.</i></p> <p>See policy 2.d.</p>
Circulation	Policy 3.c	<p><i>Require developers to provide for the construction of their portion of arterial and collector streets at the time of development.</i></p> <p>The City's Zoning Ordinance, with accompanying impact fees, implements this policy and ensures that new residential development is adequately served by appropriate circulation systems.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 5.a	<p><i>Ensure that all developments provide adequate and convenient parking.</i></p> <p>The City has implemented this General Plan policy through parking standards in the Zoning Ordinance. Parking standards vary by the type of residential development (single-family, multifamily, senior housing, mixed-use development, etc.) The City may apply parking standards in a flexible manner so as not to create an unreasonable financial burden on affordable housing developments and balance Housing Element policies with Circulation Element policies.</p>
	Policy 6.d	<p><i>Development shall be designed to conserve soil and avoid erosion.</i></p> <p>The General Plan designates future residential development to avoid areas subject to significant erosion. The City has also implemented development standards to mitigate erosion during the development process and on-site and downstream erosion resulting from developed lands containing impermeable surfaces.</p>
	Policy 7.a	<p><i>New development should be designed to exceed State standards for the use of water and energy.</i></p> <p>The City's RDCS provides points for development projects that include water and energy conserving features exceeding state standards. These conservation measures do not significantly add the initial cost of residential development and save operating costs over the life of a residential unit. This policy does not impede the City's ability to achieve affordable housing objectives under the Housing Element.</p>
	Policy 7.b	<p><i>Promote energy conservation techniques and energy efficiency in building design, orientation and construction</i></p> <p>The City implements state energy conservation standards contained in Title 24 of the California Code of Regulations (California Building Code Standards) for new construction. These standards create a net benefit for new residential structures by significantly reducing energy costs over the life of a housing unit. Implementation of these standards does not impede the City's ability to achieve affordable housing objectives under the Housing Element.</p>
	Policy 7.j	<p><i>The incorporation of renewable energy generating features, like solar panels, should be encouraged in the design of new development and in existing development.</i></p> <p>See explanation of Policy 7.a.</p>
	Policy 7.k	<p><i>Promote water conservation and efficient water use in all public and private development projects and landscaping plans.</i></p> <p>See explanation of policies 7.a and 7.b.</p>

Table 1

Consistency of Housing Element with Other General Plan Policies

Public Health and Safety	Policy 1.a	<p><i>Limit uses on lands with geologic hazards.</i></p> <p>The General Plan designates land uses to avoid geologic hazards. The City has determined that sufficient land is available to meet future residential needs without development of areas subject to geologic hazards. Areas of the City designated for the highest density urban development are potentially exposed to seismic hazards from known or inferred faults within the Morgan Hill planning area and the region. The City implements seismic safety requirements of the California Building Code Standards to mitigate seismic hazards, however.</p>
	Policy 1.b	<p><i>Where urban development has already occurred and there has been extensive capital improvements made, use mitigation procedures for development on lands with geologic hazards, including geologic investigations on a scale commensurate with development where geologic data indicates there is a known or suspected problem.</i></p> <p>The City has implemented development standards that require geological investigations and mitigations for potential site-specific conditions (such as potential for slope failure due to seismic activity). This requirement primarily applies to areas of significant slope or near known or inferred hazards (such as fault lines). The requirement for site-specific investigations does not significantly constrain housing availability or affordability in areas designated for higher density residential development.</p>
	Policy 1.d	<p><i>Known or potential geologic, fire, and flood hazards should be reported as part of every real estate transaction, as well as recordation on documents to be reported for building permits, subdivisions and land development reports. Mitigation hazards should be noted in the same manner.</i></p> <p>The reporting process is a requirement of state law implemented by the City through its building permit process, although the City does not have direct responsibility for regulating real estate transactions.</p>
	Policy 1.g	<p><i>New development should avoid hazardous and sensitive areas, and should occur only where it can be built without risking health and safety. New habitable structures should not be allowed in areas of highest hazard such as floodways, active landslides, active fault traces, and airport safety zones. In areas of less risk, development should be limited and designed to reduce risks to an acceptable level.</i></p> <p>See explanation of policy 1.a and 1.d.</p>
	Policy 1.h	<p><i>Hillsides should be protected, and development should be carefully controlled on steep slopes. When hillside land is developed, it should be done with minimum disruption of topography and vegetative cover.</i></p> <p>See explanation of policy 1.a and 1.d.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 1.j	<p><i>Keep development in hazardous areas to a minimum by encouraging low-density, low-intensity uses and the types of uses least disruptive to the soil and vegetative cover.</i></p> <p>See explanation of policy 1.a and 1.d</p>
	Policy 1.l	<p><i>Prohibit development on known active landslides and limit development in areas where such development might initiate sliding or be affected by sliding on adjacent parcels.</i></p> <p>See explanation of policy 1.a and 1.d</p>
	Policy 1.m	<p><i>Prohibit development in areas where increased runoff from the addition of impervious surfaces and drainage would increase the probability of downslope landsliding, or where additional projects would add to the cumulative effect of increased runoff, unless a downslope drainage improvement plan has been approved.</i></p> <p>See explanation of policy 1.a and 1.d</p>
	Policy 1.n	<p><i>Cluster development in hazardous areas with dwellings grouped on the least hazardous portion of the property.</i></p> <p>See explanation of policy 1.a and 1.d</p>
	Policy 1.o	<p><i>Limit development in less hazardous areas and design it to reduce risks to an acceptable level.</i></p> <p>See explanation of policy 1.a and 1.d</p>
	Policy 2.a	<p><i>Ensure that appropriate precautions are taken during development to minimize the risk of fire and/or explosion associated with high-pressure gas lines.</i></p> <p>The City regulates the types of land uses and structures near high-pressure gas lines and development activities that could impact such lines through implementation of the California Building Code Standards.</p>
	Policy 2.b	<p><i>Minimize development in fire hazard areas and plan and construct permitted development so as to reduce exposure to fire hazards and to facilitate fire suppression efforts in the event of a wildfire.</i></p> <p>The General Plan identifies areas subject to fire hazards (generally vegetated hillside areas) and designates land use patterns to mitigate potential exposure to fire hazards. The City also implements development standards in the Zoning Ordinance and the California Building Code Standards to reduce fire hazards while accommodating housing needs identified in the Housing Element.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 2.c	<p><i>Avoid actions that increase fire risk, such as increasing public access roads in fire hazard areas, because of the great environmental damage and economic loss associated with a large wildfire.</i></p> <p>See explanation of policies 2.a and 2.b.</p>
	Policy 4.b	<p><i>Prohibit development in floodways and regulate in floodplains to minimize flood damage and be consistent with the federal flood insurance program and Santa Clara Valley Water District regulations.</i></p> <p>The General Plan designates land uses to avoid development in floodplains. None of the areas designated for future residential development to meet the City's Housing Element objectives will require development in flood-prone areas.</p>
	Policy 4.c	<p><i>Limit development along the shores of reservoirs which can be expected to sustain damage from seismically-induced seiche waves.</i></p> <p>The General Plan does not designate areas for future residential development adjacent to a reservoir.</p>
	Policy 4.d	<p><i>Continue restricting development in areas of poor accessibility. Development should not be allowed in areas where access is provided by a single road that could be damaged by faulting or landslides, or where access could be cut off by wildfires, trapping residents or workers.</i></p> <p>This policy applies primarily to hillside areas and will not affect the City's ability to accommodate future housing needs as identified in the Housing Element.</p>
	Policy 4.h	<p><i>Areas which are developed or planned for development should be protected by the construction of flood control facilities. Development should be managed through advanced planning and design standards to minimize off-site flooding and drainage problems.</i></p> <p>The City requires appropriate flood control facilities as part of each new development. In addition, the City implements a capital facilities plan to coordinate the construction of citywide flood control facilities and facilities serving multiple properties. Through these requirements, Morgan Hill will continue to accommodate its housing needs while mitigating potential flood damage.</p>
	Policy 4.j	<p><i>If federal and state funds are not available for future flood control facilities and such facilities must be funded locally, assess the costs to those property owners who would benefit from and those who contribute to the need for such facilities.</i></p> <p>See explanation of policy 4.h. The City may reduce fees or use redevelopment funds to pay a portion of the costs of flood control for affordable housing projects that may be impacted by this additional cost.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 4.k	<p><i>Require developers whose proposed projects would induce downstream flooding to provide mitigation to eliminate the flood-inducing impacts of their projects.</i></p> <p>See explanation of policies 4.h and 4.j.</p>
	Policy 4.l	<p><i>If development is to be allowed in flood-prone areas, provide flood control facilities or appropriate flood-proofing prior to or in conjunction with development at developer's expense.</i></p> <p>See explanation of policies 4.h and 4.j.</p>
	Policy 4.n	<p><i>Require mitigation of any storm water runoff produced by development that occurs beyond that described in the General Plans of the City and County as of 1982</i></p> <p>See explanation of policies 4.h and 4.j.</p>
	Policy 4.o	<p><i>Require all local development to provide appropriate mitigation of off-site flooding impacts, including limiting runoff to pre-development levels and/or complete solutions to flooding and local drainage problems in the vicinity of the development, using such methods as detention or retention</i></p> <p>See explanation of policies 4.h and 4.j.</p>
	Policy 4.p	<p><i>Require careful consideration of the cumulative effects of development which would drain into the upper reaches of Llagas Creek and other creeks, in order to avoid the need for channelization and consequent destruction of its riparian vegetation and natural habitat.</i></p> <p>The General Plan designates land uses to avoid impacting these watercourses. Residential development permitted in these areas will be low density and low-impact.</p>
	Policy 5.c	<p><i>Continue land use policies that limit the number of individual septic systems in areas vulnerable to groundwater contamination, because of the potential for cumulative degradation of water quality.</i></p> <p>The General Plan designates areas for low-density residential development where septic systems may be appropriate and implements development standards (including requirements for site investigations) to assure the capability of such sites to accommodate septic systems.</p>
	Policy 5.e	<p><i>In area where future development is not expected to be served by sewers, continue large lot policies which allow minimal development and limited numbers of septic systems.</i></p> <p>See explanation of policy 5.c.</p>

Table 1**Consistency of Housing Element with Other General Plan Policies**

	Policy 7.a	<p><i>New development projects shall be designed and constructed to meet acceptable exterior noise level standards.</i></p> <p>The General Plan designates land uses to mitigate impacts on noise-sensitive land uses (such as schools and residential uses) by noise generating land uses. Implementation of California Building Code Standards provides for further mitigation of noise impacts.</p>
	Policy 7.b	<p><i>The impact of a proposed development project in existing land uses should be evaluated in terms of the potential for adverse community response based on significant increase in existing noise levels, regardless of compatibility guidelines.</i></p> <p>See explanation of policy 7.a</p>
Regional Coordination	Policy 1.j	<p><i>Land uses in rural areas should be low-intensity and limited in number, and public services to rural areas should be appropriately limited.</i></p> <p>The General Plan designates existing rural areas for low-density uses. The City will meet future housing needs identified in the Housing Element through higher density residential development in existing urbanized areas.</p>
	Policy 1.k	<p><i>Manage and schedule urban growth consistent with the ability to provide a full array of urban services and facilities, such as sewer capacity, water, transportation, schools, public safety and other urban services.</i></p> <p>The RDCS system ensures that development occurs in an orderly manner consistent with the City's ability to provide urban services and facilities.</p>
	Policy 1.l	<p><i>Urban growth should occur in an orderly and contiguous pattern, within designated urban service areas and encouraging infill of vacant urban land.</i></p> <p>See explanation of policy 1.k.</p>
	Policy 1.m	<p><i>Base expansion of urban service areas and annexations on the General Plan, consistent with the City's schedules for development and extension of services.</i></p> <p>See explanation of policy 1.k.</p>

Evaluation of Achievements

An important aspect of the Housing Element is an evaluation of achievements under the policies and programs included in the previously adopted Housing Element. The evaluation provides valuable information on the extent to which programs have been successful in achieving stated objectives and addressing local needs, and to which these programs continue to be relevant to addressing current and future housing needs in Morgan Hill. The evaluation provides the basis for recommended modifications to policies and programs and the establishment of new objectives in the Housing Element.

Below is a summary of the City's findings regarding its achievements under the previous Housing Element and provides a brief evaluation of those achievements. The timeframe for these achievements is 1988 to 1998.

Actions:

1a-1: Maintain an adequate supply of vacant land zoned for a range of residential densities.

1a-2: Evaluate annually the amount of land available for development to accommodate the City's ABAG-assigned regional housing allocation.

1a-3: Give high priority in the Capital Improvement Program to public facilities to accommodate the City's ABAG-assigned regional housing allocation.

Achievements:

At the time the Housing Element was adopted, approximately 1,800 acres of land was zoned for single-family use and 250 acres for multifamily low-density use. Community Development Department staff reported annually to the City Council on the supply of residentially zoned land in relation to the City's future housing construction needs. The City's Capital Improvements Plan and annual implementation program has ensured that infrastructure improvements are timed to accommodate residential development needs.

The City believes that its residential zoning actions, annual monitoring, and capital improvement planning and implementation have achieved the objectives of Policy 1-a and have ensured that the City can accommodate its future housing construction needs.

Actions:

1b-1: Identify 25 – 80 acres of land appropriate for higher density multifamily housing and amend the General Plan to accommodate additional R-3.

1b-2: Investigate the possibility of converting vacant industrial areas adjacent to major transportation corridors to multifamily use

Achievements:

The City evaluated the supply of land zoned R-3 in relation to the City's remaining housing need for low- and moderate-income housing and determined that less than ten acres was needed to accommodate the City's remaining affordable housing needs through 2000. The City rezoned 8.8 acres of land for multifamily high-density use (R-3). In addition, the City rezoned 33 acres of formerly industrial-zoned land for multifamily use to meet housing needs after 2000.

Actions:

1c-1: Prepare and adopt a simplified RDCS allocation procedure for small-scale residential projects.

Achievements:

The City simplified the RDCS system by revising the point criteria so that small-scale residential developments would be competitive under the unit allocation system. As a result of the revisions, small residential developments can compete with larger, multi-phase developments.

Actions:

1d-1: Continue to ensure that an average 20 percent of all new housing allocations are designated for multifamily units.

1d-2: Ensure that a minimum of 30 percent of new multifamily units are rentals.

1d-3: Preserve multifamily zoning districts to the maximum extent possible.

1d-4: Avoid rezoning residential land for other uses and for lesser residential densities than shown on the General Plan.

1d-5: Require development of property designated as multi-family to occur at a density no less than the minimum density prescribed by the General Plan.

Achievements:

The City retained the requirement under its RDCS system to ensure that a wide a variety of housing types at varying costs were produced. Between 1988 and 1998, 233 multifamily rental units were produced. These multifamily units represented approximately ten percent of all dwelling units constructed between 1988 and 1998. The production of multifamily units was lower than the City's objective due to market conditions during the late 1980s and early 1990s that did not favor multifamily housing production.

The City continues to make periodic adjustments to its allocation system to encourage a broad range of rental and ownership housing and single-family and multifamily housing. The City believes that, with these adjustments, the RCDS system has worked well. To assure the widest possible variety of housing under future allocations, the City maintained at least 85 acres of multifamily-zoned land for multifamily use. The City has required that all existing multifamily land be retained for such use and be developed at minimum densities consistent with the intent of the multifamily districts.

Action:

1e-1: Maintain the Residential Planned Development Provisions of the Zoning Ordinance that permit a variety of lot sizes for single-family homes.

Achievements:

The City has maintained its Planned Residential Development zoning, which has been used to create a number of different single-family developments with varying lot sizes. The Planned Development process has been used to permit smaller single-family lots and more affordable housing prices.

Action:

1f-1: Review General Plan and multifamily Zoning Ordinance provisions to determine the need to increase allowable densities

Achievements:

The two multifamily zones permit densities up to approximately 14 dwelling units per acre in the R2 Medium density zone and about 22 units per acre in the R3 zone (before density bonuses for affordable housing). In reviewing typical densities for very low- and low-income housing that has been constructed in Morgan Hill since the adoption of the RDCS, the City has concluded that densities of up to 27 units per acre, (based on a 25 percent density bonuses for affordable housing) is sufficient to facilitate affordable housing. Some of the affordable projects in Morgan Hill have been developed at less-than-permitted densities, although the City would have permitted higher density projects.

Based on discussions with affordable housing developers, the City has concluded that very low- and low-income family housing projects, particularly those with a large percentage of three- and four-bedroom units, tend to be developed at less than 20 dwelling units per acre. Development standards and other requirements imposed by funding sources, the need to ensure adequate space for children to play, parking associated with larger household sizes, and other facilities needed to support family housing tend to lower the maximum achievable density regardless of the permitted density. Density bonuses do not typically benefit these projects, as they are developed at or below the base density allowed in the R-3 zone.

Affordable housing developed for non-family households (such as single working adults) and seniors can benefit from density bonuses since these projects tend to be developed at more than 20 dwelling units per acre and frequently at 25 – 30 units per acre. Such densities are achievable in the City's R-3 zone with a density bonus.

Actions:

1g-1: Require that an appropriate percentage of all new market rate housing be affordable to lower-, median-, and moderate-income households.

1g-2: Prepare and adopt inclusionary housing provisions to require affordable housing in market rate projects that have been determined to be exempt from the RDCS.

1g-3: Continue to provide density bonuses and other incentives for those projects committing to provide appropriate amounts of below market rate units

Achievements:

The RCDS allocation system awards points for market-rate projects (projects not developed under the 20% percent set-aside for 100% affordable housing developments). Due to the competitive nature of the allocation process, virtually all market-rate projects have included at least 10% affordable housing to garner the maximum points possible. This policy has been very successful, having resulted between 1988 and 1998 in the provision of 153 very low-income, 257 low-income, 109 median/moderate-income housing units (519 total). Another 543 affordable units have been constructed, are under construction, or were approved under RDCS between 1999 and August 2001.

Due to the combination of the 20% allocation set-aside for 100% affordable projects and the point preference for market-rate projects that include at least 10% affordable housing

units, the City determined that a mandatory inclusionary housing requirement was unnecessary, and none was adopted. The City has calculated that nearly one-fourth of the housing units constructed, under construction, or approved under the RDCS have been affordable to very low-, low-, median-, or moderate-income households.

Although the City has made density bonuses available for projects containing at least 10% affordable housing units to very low-income households, 20% affordable units to low-income households, or at least 50% senior units, few of the affordable housing developers have taken advantage of density bonuses. Parcel size, the availability of financial subsidies, and other factors appear to affect the financial feasibility of affordable housing projects more than density bonuses in Morgan Hill. The Morgan Hill Redevelopment Agency has provided housing set-aside and CDBG funds in the past, the applied to state and federal programs, to assure sufficient funding for affordable housing projects.

As property values increase in Morgan Hill, density bonuses may become a more important incentive to assure the financial feasibility of affordable housing. For this reason, the City will continue to offer and promote density bonuses for affordable housing projects.

Actions:

lh-1: Give priority and offer incentives through the Inclusionary Zoning Ordinance to projects that provide units affordable to low- and very low- income households.

lh-2: Retain provisions within the RDCS which provide high point scores for developments that reserve a percentage of the proposed housing for below-market-rate units.

lh-3: Allow small projects (fewer than 16 units) to pay “in lieu” fees when it is not feasible to provide affordable housing on site.

Achievements:

All residential projects that have received allocations under RDCS have included affordable units, either as 100% affordable projects approved under the 20% set-aside for such projects, or in market-rate projects in which 10% or more affordable housing is typically provided. The City has allowed small projects to pay in-lieu fees to receive full credit for affordable housing under the RDCS allocation system.

The City believes that the affordable housing provisions of the RDCS, combined with the opportunity to receive density bonuses and other incentives, provide sufficient incentives to assure that all new projects contain or contribute to affordable housing. Between 1988 and 1998, 519 housing units affordable to very low-, low-, or moderate-income households have been provided under RDCS.

Actions:

li-1: Continue to reserve a minimum of 20 percent of the annual RDCS building allotments for very low-, low- and median-income housing.

li-2: Continue to use RDA Housing Set-Aside funds for financing 100 percent affordable projects, and consider assistance to below-market-rate housing.

li-3: Continue to assist market rate and non-profit developers to put together proposals for new affordable rental housing

li-4: Work with a non-profit housing agency to acquire market rate rental units for gradual conversion to a mix of market rate and affordable units.

li-5: Utilize City or Agency-owned remnant parcels for affordable housing.

Achievements:

The City has maintained a policy of setting aside 20% of the housing unit allocation under the RDCS for projects in which 100% of the housing units are affordable to very low-, low-, and median-income households. Between 1988 and 1998, 519 affordable housing units have been produced under RDCS, most of which have been very low- and low-income units. Since 1995, the RDCS point system has tended to favor affordable housing units targeted to households earning less than 80% of median income. The City is reviewing the point allocation system to determine the most effective way to increase incentives for the production of median- and moderate-income housing without creating disincentives for very low- and low-income housing.

Between 1988 and 1998, the Morgan Hill Redevelopment Agency has invested about \$9.5 million in low-income housing set-aside funds to assist in the construction and rehabilitation of 404 affordable housing units. Of this total, 266 were new affordable rental housing units and the remainder was ownership units.

The City believes that its activities in support of affordable housing through RDCS, zoning, and Agency activities have produced significant results and that these programs should be continued.

Actions:

lj-1 Ensure that new affordable BMR rental units assisted with RDA funds provide a high percentage of three- and four-bedroom units.

lj-2: Ensure that new BMR ownership units continue to offer a significant percentage of three- and four-bedroom units are three-or four bedroom units suitable for large families.

Achievements:

The Agency assisted in the creation of 147 very low-, low-, median-, and moderate-income three- and four-bedroom units. Of these units, 66 were very low- or low-income rental housing unit. Under the BMR ownership program, an additional 235 affordable housing units were created, of which 225 contained three or four bedrooms.

Action:

1k-1: Retain provisions in the Zoning Ordinance that permit manufactured housing by right in residential zoning.

Achievements:

The City has retained its zoning provisions that permit manufactured homes on single-family lots. However, the cost of land in Morgan Hill makes it unlikely that a manufactured home subdivision would be proposed. If necessary to encourage this housing alternative, the City could apply planned development provisions that would allow smaller lot manufactured home subdivisions and/or adjust its allocation process to

award more points to a manufactured home subdivision. A manufactured home subdivision that is 100% affordable would be eligible for the 20% set-aside under the RDCS.

Actions:

11-1: Continue to allow mobile home subdivisions within the Multi-Family (Low) density areas as a permitted use, and in other residential designations by use permit.

11-2: Conduct a study to evaluate the economics of mobile homes park development and identify incentives to foster their creation.

Achievements:

The City has retained provisions in its Zoning Ordinance that permit mobilehome parks in the Multi-Family (Low) density district. However, the cost of land in Morgan Hill makes it unlikely that a new mobilehome park would be developed in Morgan Hill. If necessary to encourage this housing alternative, the City could adjust its allocation process to award more points to a mobilehome park. A new mobilehome park that is 100% affordable would be eligible for the 20% set-aside under the RDCS.

The City has not conducted a study of the economic feasibility of developing a new mobilehome park because it believes the greatest financial impediments are related to the cost of land and availability of financing. The Morgan Hill Redevelopment Agency could assist in assembling and purchasing a suitable site for a new mobilehome park and accessing state or federal funding for its development (if proposed as an affordable park for very low- and/or low-income households). These actions could address potential financial impediments if an interested mobile home park developer presents a proposal to the City.

Action:

1m-1: Retain the Central Commercial Residential (CC-R) zoning classification around the downtown

Achievements:

The City retained the Central Commercial-Residential zoning classification around the downtown area. Except for Agency assisted projects, however, no residences have been developed in or adjacent to the downtown area. Demand for housing downtown has been weak during the 1990s, but may be a viable alternative over the next ten years given the changing nature of the Morgan Hill housing market. The City will continue to retain the Central Commercial-Residential zoning and continue to offer regulatory and financial incentives to interested developers.

Action:

1n-1: Evaluate commercial areas outside the Downtown core to apply a special mixed-use zoning category wherever mixed residential and commercial uses are appropriate.

Achievements:

The City has a Planned Unit Development (PUD) process that permits mixed-use developments anywhere in the City that are physically suited for such uses. The City believes that the PUD provisions are sufficiently flexible so that a special mixed-use zone is not necessary.

Action:

1o-1: Establish a low interest loan program to provide below-market-rate financing for the construction of second units for very low- and low-income households.

Achievements:

The Agency established, and marketed, a low-interest loan program for new second units in which owners agreed to long-term affordability restrictions for very low- or low-income households. Program eligibility criteria were established to permit the broadest participation possible. No property owners applied for the program because of the availability of private financing at reasonable rates without the affordability deed restrictions. The Agency does not believe that any low-interest loan program would be marketable in Morgan Hill because property owners do not want to have their second units encumbered by long-term affordability restrictions. The Agency has, therefore, decided to discontinue this program.

Actions:

1p-1: Continue the Mortgage Credit Certificate (MCC) Program in conjunction with the County.

1p-2: Require relocation assistance when private redevelopment displaces very low-, low-, or moderate-income residents.

1p-3: Encourage landlords to utilize rental assistance programs, such as housing vouchers and Section 8 vouchers administered by the Housing Authority of Santa Clara County.

1p-4: Investigate guaranteeing the first and last month's rent and security deposit for eligible renter households

Achievements:

The Agency continues to participate in the MCC Program, which has been relatively successful in Morgan Hill. Except for the year 1993, more than 15 vouchers were issued each year.

The Housing Division of the Agency monitors the process to ensure compliance of qualified, displaced residents. The monitoring begins with notification from Community Development. To date, private actions have triggered the relocation requirements for four dwelling units.

The Housing Division distributed information annually to interested landlords and provides referrals to the Santa Clara County Housing Authority for more information on participation in the Section 8 Program. Participation by landlords in the Section 8 Program is based on market factors that are beyond the City's control, however.

After considering establishing a new program to provide first-and-last-month's rental assistance, the Housing Division determined that existing programs offered by area non-profit organizations were sufficient to meet the local need. Rather than establish a duplicative program, the Agency has decided to refer needy households to area nonprofit organizations that provide this assistance and support these existing programs through financial contributions, if necessary.

Actions:

1q-1: Allocate a share of the RDA "20 percent" Housing Set-Aside funds to affordable housing projects that cover a significant portion of project costs from other funding sources.

1q-2: Continue to work with local legislators and provide input to the State Legislature to ensure that State programs and legislation meet local housing needs and programs.

Achievements:

Most of the affordable housing developments assisted financially by the Agency through the 20% housing set aside funds obtained the majority of their funding from other sources, resulting in a high rate of leverage of Agency funds. Due to the success of this policy, the Agency will continue to use a high percentage of its housing set-aside funds for the construction of new affordable housing and require that developers leverage Agency funds with other sources.

The Agency's Housing Division monitors proposed legislation each year and participates directly and through the California Redevelopment Association in providing input to the Legislature.

Actions:

1r-1: Provide home improvement loans through the City's Housing Rehabilitation program

1r-2 Continue to provide assistance to property owners with 15-year loans under the Replacement Housing program.

Achievements:

Since 1988, the Agency has provided nearly \$2.4 million in 20% housing set-aside funds and CDBG funds in support of housing rehabilitation. The Agency has assisted in the improvement/rehabilitation of over 100 housing units and mobilehomes through home improvement programs.

No developers applied for Agency assistance under the Replacement Housing Program, but four units were replaced by private developers as required under the City's program. Agency funds were not necessary to ensure replacement of housing units. The City will continue to offer this program, however, in the event financial assistance is necessary in the future to ensure replacement of housing units.

Actions:

1s-1: Conduct a major review of housing demand by income and family size using 1990 Census data.

1s-2: Review housing objectives annually and recommend program modifications if annual housing objectives are not being met.

Achievements:

The City did not conduct a study of housing demand, nor was one necessary. Through its periodic adjustments to the RDCS, the City evaluates changes in the local housing market and housing demand. A separate study was, therefore, not necessary.

Annual review of housing objectives is achieved through the annual General Plan Implementation report. As part of the report, City staff provides recommendations to the City Council on proposed modifications to Housing Element implementation programs to better meet housing objectives.

Action:

1t-1: Continue to require the recordation of deed restrictions for all affordable units

Achievements:

The Agency recorded deed restrictions on all affordable housing units. The Agency requires deed restrictions on both ownership and rental housing units, although the period of affordability for ownership units has varied since 1990. Currently, the Agency seeks deed restrictions of at least 30 years on all affordable housing units.

Actions:

1u-1. Continue to exercise the City's first-option rights to purchase BMR units upon resale, and extend the affordability restrictions as part of the next sale to eligible purchasers.

1u-2. Develop a program to encourage the sale of BMR units to the City where financially justifiable before deed restrictions expire.

Achievements:

The Agency continues to reserve its right of first refusal for purchase and continues price restrictions on BMR ownership units. Because the waiting list is so long for these units, the Agency has not had to exercise its right over the past several years.

The Agency allowed its affordability restrictions to lapse after the County had induced the new owner to extend the same deed restrictive language in its agreement until July 2009.

Action:

1v-1: Continue the City's program to restrict conversion of rental units to condominiums if the rental vacancy rate is less than 5 percent.

Achievements:

The City has maintained its condominium conversion requirements, but has not received any requests for conversion.

Actions:

1w-1: Refer discrimination complaints to Operation Sentinel or other organizations which combat housing discrimination.

1w-2: Allocate CDBG and other funds to support Operation Sentinel or other organizations which promote fair housing programs.

1w-3: Maintain an equitable buyer-selection procedure for low-, median-, and moderate-income units.

1w-4: Continue to publicize and broaden understanding and acceptance of City housing programs

Achievements:

The City refers housing discrimination complaints to Project (formerly Operation) Sentinel and allocates a portion of its annual CDBG allocation to Operation Sentinel for fair housing activities.

The use of a lottery procedure for the selection of buyers was discontinued after an evaluation that concluded that the selection of buyers by lottery was inequitable. The procedure was substituted by a waiting list that offers equitable participation in the buyer selection of affordable units.

Public service announcements were published on the City's local public access television channel and in City publications. Morgan Hill also contracted with a variety of public services agencies, such as Project Sentinel, Emergency Housing Consortium, and Second Harvest Food Bank, in which the scope of services included annual public presentations and/or publications. These methods of publication and dissemination appear to be very effective in increasing public awareness and participation in most City programs. Exceptions, as noted previously, are programs in which no level of publicity would have resulted in greater levels of participation.

Actions:

1x-1: Retain provisions within the RDCS that give higher ratings to projects that create neighborhoods and residential developments of ethnic and economic diversity.

1x-2: Develop methods to integrate affordable units constructed by non-profit developers into proposed market rate developments.

Achievements:

The City has maintained these provisions of the RCDS, which has successfully resulted in mixed-income residential developments. Due to the competitive nature of the RDCS, market-rate projects typically include affordable housing units without the participation of nonprofit organizations. The City investigated the feasibility of integrating nonprofit-constructed affordable housing units into market-rate developments, but the size of most residential projects in Morgan Hill does not make this option feasible.

Action:

1y-1: Prepare and adopt requirements and standards for mobile home and manufactured housing developments consistent with State Law.

Achievements:

The City's current zoning standards for manufactured housing and mobilehomes comply with state requirements to allow such housing options in residential zones.

Action:

1z-1: Retain RDCS incentives for energy conserving building techniques for residential construction.

Achievements:

The City revised the RDCA allocation process to provide additional points for residential projects that incorporate energy conservation techniques that exceed minimum state requirements. The revisions have resulted in new residential projects that are even more energy efficient than comparable residential projects that only comply with state standards.

Actions:

2a-1: Continue the City's Home Improvement Loan Program which provides rehabilitation assistance using both RDA 20 percent and CDBG funds

2a-2: Continue City's code enforcement programs with emphasis on rental units, assistance in maintaining affordability, and non-displacement of existing tenants.

2a-3: Ensure that CC-R zoning provisions and design requirements are appropriate and flexible to facilitate the rehabilitation and retention of existing residential development.

2a-4: Ensure that all housing units rehabilitated with City assistance are energy efficient

Achievements:

For 2a-1, see achievements for Actions 1r-1 and 1r-2.

The City has an active enforcement program, with one code enforcement officer. The City's main code enforcement problems are illegal signage, failure to obtain building permits, and improper storage of vehicles, boats, and trailers. Other offenses include public nuisances, litter, illegal dumping, and other similar offenses. As of August 2001, the City had a total of 750 code violations, over half of which were illegal sign postage.

The City conducted a review of its CC-R zoning provisions and determined that the development standards include sufficient flexibility to encourage the rehabilitation and retention of residential uses.

Housing units assisted under the rehabilitation program typically receive energy efficiency improvements, such as new doors, windows, insulation, and weatherstripping. The City also allocates CDBG funds to Economic and Social Opportunities for its Weatherization Program, which is available to Morgan Hill residents.

Actions:

2b-1: Coordinate the planning and funding of neighborhood infrastructure improvements by integrating the Capital Improvement Program with Redevelopment Agency programs.

2b-2: Support neighborhood code enforcement programs with low cost loans and technical assistance to homeowners.

2b-3: Continue public information efforts to encourage property owners in target neighborhoods to participate in the rehabilitation loan program.

2b-4: Utilizing the Rehabilitation Loan program, continue to assist the expansion of existing units to alleviate overcrowding.

Achievements:

The City coordinates capital improvement funding decisions under its Capital Improvement Program with its affordable housing strategies implemented through the Housing Element and Redevelopment Implementation Plan.

For 2b-2, see achievements under Actions 1r-1 and 1r-2. To encourage participation in the rehabilitation program, the Agency periodically mails information letters to property owners, leaves flyers at doorsteps in targeted neighborhoods, and places public service announcements in local media. The Agency believes that its marketing efforts are successful given the level of participation and funds expended annually on the program.

Although the Agency continues to market the availability of the rehabilitation program to add bedrooms to alleviate overcrowding, there have been no requests by property owners to use the program for this purpose. The overwhelming majority of eligible low-income homeowners are older adults and small family households for which overcrowding is not a concern. The Agency has achieved greater success in addressing overcrowding by assisting in the development of new three- and four-bedroom housing units.

Actions:

2c-1: Maintain the City's rent stabilization ordinance for mobile home parks.

2c-2: Consider instituting a special mobile home park zone to protect against future conversion to other uses.

2c-3: Continue the City's program to provide rehabilitation loans to upgrade older mobile homes.

2c-4: Investigate opportunities to assist in resident purchase of existing mobile home parks.

Achievements:

The City has maintained its rent stabilization ordinance, which has been successful in limiting the rate of rent increases in mobilehome parks.

The City examined the need for a special mobile home park zone to retain existing parks and determined that the likelihood of conversion is low. Existing mobilehome parks in the City have either converted to resident ownership or have shown significant investment by owners, indicating a long-term strategy to maintain the current use of property.

The Agency uses 20% housing set-aside funds to assist mobilehome owners. See Actions 1r-1 and 1r-2 for further information.

Agency staff met with mobilehome park owners and residents regarding opportunities for resident purchase and ownership (including financing options under state and federal programs). The City completed a feasibility study. One mobilehome park has converted to resident ownership, but a second park did not convert due to the inability of residents and owners to reach an agreement on purchase terms. The City believes that residential ownership is still a viable option and will continue to facilitate negotiations between residents and mobilehome parks owners (including assistance in access funding) if requested by either or both parties.

Action:

3a-1: Review the RDCS criteria to strengthen incentives for the production of housing for large families in the "Housing Needs" and "Housing Types" sections of the criteria.

Achievements:

Most new homes approved under the RCDS have three or more bedrooms. No further revisions to RDCS allocation criteria are considered necessary to encourage housing with more bedrooms.

Action:

3b- 1: Work with the Shared Housing program or other non-profit organization to acquire or finance the construction of a four-plex to provide shared housing for single parents.

Achievements:

In 1995, the Agency assisted South County Housing to develop Depot Commons, an innovative share rental housing development that can accommodate 12 persons at one time.

Actions:

3c-1: Continue to enforce State and federal requirements for accessibility to the disabled in new multi-family units.

3c-2: Provide low interest rehabilitation loans to make existing residences accessible to the disabled

3c-3: Work with "The Bridge" to acquire at least one additional multi-family unit in Morgan Hill for shared residence for mentally impaired homeless adults.

Achievements:

The City continues to enforce state and federal accessibility requirements for new housing on all new multifamily developments.

Approximately ten homes were retrofitted with accessible items for the disabled, such as wheelchair ramps, shower grab bars and seats, and front and rear entrance grab bars.

In South County, Community Solutions provides housing and support services to mentally ill, homeless, disabled adults. In 1985 the City provided \$50,000 of CDBG funds to assist Community Solutions in purchasing a duplex unit that is used as permanent affordable rental housing. The City assisted Community Solutions in the purchase of a second multi-family unit with RDA funds in 1995.

Action:

3d-1. Investigate the potential for a joint venture between the City and a non-profit housing group to produce farmworker housing.

Achievements:

City staff met several times with the countywide Homeless Task Force regarding the potential for rehabilitating or constructing new housing for farmworkers to be funded

under the U.S. Department of Agriculture's Rural Housing Services. Community opposition to housing specifically for farmworkers, particularly seasonal housing for migrant farmworkers, impeded the City's ability to move forward with a project targeted solely to farmworker families. However, the City has assisted in the development of over 250 units of very low-income housing since 1990, which has provided year-round, affordable housing for very low-income families, including farmworkers who are permanent residents of the area. Given the declining need for seasonal workers in the local agricultural industry, Morgan Hill does not believe that it should continue to attempt to supply such housing. The City will continue, however, to assist in the construction of new year-round housing for special needs populations such as very low-income farmworkers.

Action:

3e-1: Provide a Single Room Occupancy (SRO) facility for single persons

Achievements:

The Agency assisted South County Housing in the development of a mixed-use project (Skeels Building), which has ground-floor commercial uses and 13 studios on the second floor for very low-income persons. The Agency has determined that this project was successful in expanding the housing supply for individuals with very low incomes, and will continue to work with South County Housing to identify future opportunities for additional SRO units.

Actions:

3f-1: Continue to use CDBG and other available funds to support the provision of housing-related services for groups with special needs

3f-2: Continue to support agencies providing emergency shelter for homeless individuals and families in South County.

3f-3: Continue to participate in the Santa Clara County Homeless Coordinators group to coordinate actions to provide assistance and support to local groups assisting the homeless.

3f-4: Continue to provide assistance and recommendations to the County Intergovernmental Council Committee on Homelessness, or its successor.

3f-5: Permit emergency shelters and transitional housing as a conditional use in the R-3 zoning district.

Achievements:

The City has allocated over \$300,000 in CDBG funds since 1988 for housing and housing related services, such as tenant-landlord counseling, shelter for women and their children escaping domestic violence, emergency shelter for other homeless individuals and families, and shared housing, among other services.

The City has annually allocated a share of the City's CDBG funding to the Emergency Housing Consortium, which has provided over 100,000 shelter nights since 1990 to Morgan Hill residents at the San Martin Family Living Center, Ochoa Winter Shelter, National Guard Armory, and other shelters in the County. The City also provided CDBG

funds to rehabilitate the San Martin Family Housing Center, an emergency shelter facility outside the City that is available to Morgan Hill residents.

The City continues to participate in the Santa Clara County Homeless Coordinators and the County Intergovernmental Committee on Homelessness by participating in meetings of the consortium and the development of programs and services.

The City has not amended its Zoning Ordinance to specifically permit emergency shelters and transitional housing in the R-3 zone. This action was not taken because neither the City nor the primary homeless service provider in the area (Emergency Housing Consortium) believed a homeless shelter was necessary within the City of Morgan Hill to accommodate local homeless needs. The Redevelopment Agency provided financial assistance for the development of a transitional housing facility (the Depot Commons) despite the lack of specific listing in the Zoning Ordinance for such a use.

Because there may be a need in the future for emergency shelter and/or another transitional housing facility, the City will amend the Zoning Ordinance to facilitate the location of emergency shelter or transitional housing.

Action:

3g-l: Assist in marketing shared housing programs by distributing flyers and providing messages on local access television to advertise the program

Achievements:

The Agency assisted SCH with the development of Depot Commons, which consists of shared rental housing consisting of three single-family homes that can accommodate up to four households, a maximum of 12 people. This project is intended to serve as a transitional facility, not permanent housing for the occupants. Table 2 contains a summary of affordable housing units produced annually by income group. These include units assisted by the Redevelopment Agency and those produced under the RDCS without Agency assistance.

Table 2

Summary of Affordable Unit Produced (1988 –1998)

Year	Very Low	Lower	Median	Moderate	Total
1998	48	68	0	0	116
1997	1	18	8	0	27
1996	45	56	12	0	113
1995	0	6	3	0	9
1994	3	30	28	0	61
1993	0	5	14	0	19
1992	26	47	6	4	83
1991	0	3	4	1	8
1990	0	13	6	3	22
1989	20	1	5	0	26
1988	10	10	0	15	35
Total	153	257	86	23	519

Note: includes the affordable rental and homeownership housing units that were deed-restricted and produced by private and non-profit enterprises between 1988 -1998. The figures were not adjusted to reflect the expiration of affordability requirements on units produced during the report's 10-year period

Source: City of Morgan Hill

Housing Goals, Policies and Actions

Goal 1. Adequate new housing to meet future community housing needs

Policy 1a: Ensure that an adequate amount of land is available for new residential development.

Actions

- 1a-1: Maintain an adequate supply of vacant land zoned for a range of residential densities.
- 1a-2: Evaluate annually the amount of land available for development and the projected five-year need and adjust the General Plan and zoning as necessary to accommodate the City's ABAG-assigned regional housing allocation.
- 1a-3: Give high priority in the annual Capital Improvement Program to providing adequate public facilities to residentially zoned land needed to accommodate the City's ABAG-assigned regional housing allocation.
- 1a-4: *Propose an amendment of the City's Residential Development Control System (RDCS) to allow the City to approve a sufficient number of housing unit allocations with the objective of meeting the City's ABAG-assigned regional allocation for each income group.*

Responsibility: Morgan Hill Community Development Department

Timeframes: Actions 1a-1 through 1a-3: Annual review of availability of vacant land and five-year review and updating of housing element. General Plan and zoning changes to be presented to the City Council as needed.

Action 1a-4: Submit proposed amendment of RCDS to voters at the 2003 local election. If approved, implement revised allocation system as soon as permitted by the terms of the amendment.

Achievement: Amendment of RDCS approved by voters on March 2, 2004.

Funding: General Fund

Policy 1b: Provide an adequate supply of land for multifamily housing located convenient to shopping, services, and transportation routes.

Actions

- 1b-1: Maintain an adequate supply of multifamily zoned (R3) land for multifamily use to accommodate the City's ABAG-assigned regional housing allocation for lower-income households.
- 1b-2: *Continue to pursue opportunities for land banking for future affordable housing development in areas zoned for multifamily or commercial that permit mixed projects, either through acquisition of suitable sites by the Redevelopment*

Agency or by assisting a non-profit housing developer in acquiring land for future development.

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds, CDBG, private foundation sources.

Policy 1 c: Encourage the allocation of the maximum possible number of housing units under RDSCS allocations.

Action

1c-1: Annually evaluate the outcome of allocation process to determine if further adjustments to the system are advisable to ensure that the annual allocations are maximized for both market-rate and affordable housing.

Responsibility: Community Development Department.

Timeframe: Current and ongoing. Annually evaluate outcomes with respect to total units, affordable unit, units allocated to small-scale projects.

Funding: Community Development Fund.

Policy 1d: Encourage a variety of housing types and densities within the community.

Actions

1d-1 Continue to ensure that an average 20 percent of all new housing allocations are designated for multifamily units.

1d-2 Ensure that a minimum of 30 percent of new multifamily units are rentals.

1d-3 *Establish annual objectives under the RDSCS allocation process for affordable housing based on past production and future needs.*

1d-4 Avoid rezoning residential land for other uses and for lesser residential densities than shown on the General Plan.

1d-5 Require development of property designated as multi-family to occur at a density no less than the minimum density prescribed by the General Plan.

Responsibility: Community Development Department.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1e: Provide for a variety of single family lot sizes.

Action

1e-1: *Revise the Residential Planned Development Provisions of the Zoning Ordinance (Chapter 18.18) that permit a variety of lot sizes for single-family homes for*

consistency with Community Development Element Actions 7.1 and 7.2 that establish targets for the percentage of small-lot single-family detached homes in the Multi-Family Low designation.

Responsibility: Community Development Department.

Timeframe: Amend Chapter 18.18 by December 2002.

Achievement: The Zoning Ordinance was amended in 2003 to allow single family detached housing on smaller lot sizes in Multi-Family zoning districts.

Funding: Community Development Fund.

Policy 1f: *Increase housing ownership in Morgan Hill through targeted assistance programs.*

Actions

1f-1: *Develop a first-time homebuyer assistance program targeted to low- and moderate-income workers such as teachers and public safety employees.*

1f-2: *Assist in the development of small-lot, single-family detached homes incorporated into developments in the Multi-Family Low designation with housing prices affordable to low-, median-, and moderate-income households.*

Responsibility: Community Development Department, Business Assistance and Housing Services Department.

Timeframe: Adopt first-time homebuyer program guidelines by December 2002.
Provide orientation prior to annual RDCS competition (October 2002).

Achievement: Ten-unit teacher housing project completed in 2006.

Down payment assistance program for police officers implemented in 2002.

The Zoning Ordinance amended in 2003 to allow 25 percent of the homes in multi-family districts to be detached.

Funding: Community Development Fund, redevelopment housing Set-Aside funds, HOME Program, Mortgage Revenue Bonds, Mortgage Credit Certificates.

Policy 1g: Promote and encourage provision of housing within new market rate development that is affordable to very low-, low-, median and moderate-income households.

Actions

1g-1: Require that an appropriate percentage of all new market rate housing be affordable to lower-, median-, and moderate-income households.

1g-2: Continue to provide density bonuses and other incentives consistent with State law and local regulations for those projects committing to provide appropriate amounts of below market rate units. Other incentives may include:

- Exceptions to design and development standards on a case-by-case basis that reduce the cost of producing housing units without sacrificing the objectives for which these standards were adopted;
- payment of fees from Redevelopment Agency tax increment housing Set-Aside funds;
- priority permit processing to ensure that project funding is not jeopardized;
- assistance in accessing funding by applying to, or supporting applications to, state, federal, and private agencies.

Responsibility: Community Development Department, Housing Division.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1h: Provide incentives through the RDCS to BMR and other affordable projects that provide a high percentage of affordable units.

Actions

1h-1: Retain provisions within the RDCS that award points for developments that reserve a percentage of the proposed housing for below-market-rate units.¹

1h-2: Allow small projects (fewer than 16 units) to pay “in lieu” fees when it is not feasible to provide affordable housing on site.²

Responsibility: Community Development Department, Housing Division.

Timeframe: Current and ongoing.

Funding: Community Development Fund, redevelopment housing Set-Aside funds.

1 The RDCS offers incentives to promote the construction of below-market rate housing, both for purchase and for rent. In the competition for housing allotments, projects score higher if they reserve some of the proposed units at below-market-rates - This is the City's most significant method for providing housing for low and moderate income households. The program has been supported by the City Council and Planning Commission and accepted by the development community. It is expected to remain the primary vehicle for the production of new below-market-rate units during the five-year planning period.

2 Many communities that require low- and moderate-income housing assistance as conditions of development, allow developers to pay in lieu fees as an option to providing BMR housing. The money is then used by the City or its designate to create housing affordable to very low-, low-, and moderate-income households. Allowing in lieu fees provides developers of small projects a more financially viable alternative to constructing affordable units. However, in lieu fees sometimes make it more difficult to provide and integrate low- and moderate-income units into the rest of the community because a suitable site must be acquired and the affordable units are concentrated on that site.

Policy 1i: Reserve a portion of the annual RDCS housing allocations for projects with 100 percent affordable housing.

Actions

- 1i-1: Continue to reserve a minimum of 20 percent of the annual RDCS building allotments for projects that are 100% affordable considering annual needs at each income group.
- 1i-2: Continue to use RDA Housing Set-Aside funds for financing 100 percent affordable projects, and consider assistance to below-market-rate ownership housing where a financing gap can be demonstrated.
- 1i-3: Continue to assist market rate and non-profit developers in developing affordable rental housing. (See Policy 1g-3 for potential incentives.)
- 1i-4: Work with a non-profit housing agency to acquire older, substandard market rate rental units for conversion to a mix of market rate and affordable units.
- 1i-5: Utilize City or Agency-owned remnant parcels for affordable housing as appropriate.

Responsibility: Community Development Department, Housing Division.

Timeframe: Actions 1i-1 through 1i-3 and 1i-5, current and ongoing (2001 – 2006)

Action 1i-4: Inventory rental housing stock to identify potential properties for acquisition and conversion to affordable housing. Complete a rental inventory by December 2002 and update every two years thereafter.

Meet with interested non-profit and/or for-profit housing developers semi-annually or more frequently as appropriate to determine interest in the acquisition of existing rental housing or the development of affordable housing on remnant parcels.

Achievement: Inventory conducted. In conjunction with South County Housing, an existing sub-standard rental property was acquired and is currently being redeveloped with 16 for-sale townhouses for low to moderate income persons and 42 rental units for very low and low income persons.

Funding: General Fund, redevelopment housing Set-Aside funds.

Policy 1j: Encourage the production of multifamily units appropriate for larger households.

Actions

- 1j-1 Ensure that new affordable BMR rental units assisted with RDA funds provide a specified percentage of three- and four-bedroom units.

- 1j-2: Ensure that new BMR ownership units continue to offer a significant percentage of three- and four-bedroom units in consideration of the proportion of large, low-income families in relation to the population as a whole.³

Responsibility: Community Development Department, Housing Division.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1k: Permit manufactured housing on permanent foundations in residential areas.

Action

- 1k-1: Retain provisions in the Zoning Ordinance that permit manufactured housing on single-family lots by right in residential zoning districts so long as the manufactured homes are placed on permanent foundations and meet all other City requirements.

Responsibility: Community Development Department, Housing Division.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1l: Encourage mobile home parks to develop in appropriate areas of the community in order to provide additional forms of affordable housing.

Actions

- 1l-1: Continue to allow mobile home parks as conditional uses in the R-2 zone and manufactured home subdivisions within single-family residential zones as permitted uses.
- 1l-2: *Provide incentives for the development of new mobilehome parks and manufactured home subdivisions (See Action 1-g2 for listing of potential incentives).*
- 1l-3: *Conduct an inventory of sites zoned Multi-Family (Low) density to identify potentially suitable locations for new mobilehome parks and manufactured home subdivisions. Provide this information to potentially interested developers.*
- 1l-4: *Identify one or more non-profit or for-profit entities that specialize in the development of mobilehome park or manufactured home subdivisions. Provide information on inventory of suitable sites to identified entities (Action 1i-3) and on the City's regulatory and financial incentives programs for affordable housing.*

Responsibility: Community Development Department, Housing Division.

³ Under the Morgan Hill BMR program, over 80 percent of housing units for sale are three-or four bedroom units suitable for large families

Timeframe: Complete site inventory (Action 11-3) by December 2002. Contact potentially interested developers as appropriate thereafter.

Funding: Community Development Fund, redevelopment housing Set-Aside funds.

Policy 1m: Provide for a mix of residential and commercial development Downtown.

Action

1m-1: Retain the Central Commercial Residential (CC-R) zoning classification around the downtown core.

1m-2 *Continue to work with nonprofit housing developers to identify appropriate sites through regular contacts with such organizations and maintenance of a site inventory for the benefit of nonprofits.*

Responsibility: Community Development Department.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1n: Encourage new residential development in appropriate commercial areas.

Action

1n-1: *Continue to maintain the mixed residential and commercial uses classification on sites previously identified.*

Responsibility: Community Development Department.

Timeframe: Current and ongoing.

Funding: Community Development Fund.

Policy 1o: Encourage development of second dwelling units on appropriate single-family lots.

Action

1o-1: *Investigate the appropriateness of encouraging second units in R-2 zones through modifications to the R-2 zoning standards.*

Responsibility: Community Development Department.

Timeframe: Review current zoning standards by September 2002 and make modifications (if determined appropriate) by December 2002.

Achievement: Second units allowed in R-2 and R-3 districts. No changes required.

Funding: Community Development Fund, redevelopment Set-Aside funds.

Policy 1p: Participate in programs that assist very low- and low-income households to secure adequate housing.

Actions

- 1p-1: Continue the Mortgage Credit Certificate program in conjunction with the County.⁴
- 1p-2: Require relocation assistance when private redevelopment displaces very low-, low-, or moderate-income residents.
- 1p-3: Encourage landlords to utilize rental assistance programs, such as housing vouchers and Section 8 vouchers administered by the Housing Authority of Santa Clara County.⁵ The City will undertake the following actions:
 - 1. Refer rental property owners to the Santa Clara County's Housing Authority's waiting list.
 - 2. When in contact with rental property owners, the staff will inform them of the Housing Authority's vouchers program.
 - 3. Promote the availability of vouchers for use in the rental rehabilitation program.
- 1p-4: The City will evaluate as part of its comprehensive housing strategy a first- and last-month's rent and security deposit program for eligible renter households.

Responsibility: Housing Division.

Timeframe: 1p-1 through 1p-3: current and ongoing. 1p-4: by December 2002.

Achievement: First and last month's rent program evaluated and not identified as a high priority in 2003 Affordable Housing Strategy. This form of assistance is provided by other agencies serving Morgan Hill.

Funding: Redevelopment housing Set-Aside funds, various state and federal funds.

4 Mortgage Credit Certificates (MCCs) are aimed at assisting the first-time home-buyer. The MCCs allow qualified low or moderate income households to claim a tax credit on their Federal income tax up to 15 percent of their annual mortgage interest. This helps them (1) to qualify for a larger mortgage, and (2) to reduce their monthly outlay for housing. For recipients, the MCC often means the difference between being able and not being able to buy a home. The City has participated in the MCC program since 1990 and expects to continue to do so in the future as long as the program is continued by the County.

5 HUD's Section 8 rental assistance program issues a limited number of vouchers to local housing authorities to make up the difference between one-third of an eligible household's income and rental payments up to a set price. Participation in the program by property owners and landlords is voluntary. The City will continue to encourage local property managers and owners to participate in the program. City-assisted projects have participated in the Section 8 rental assistance program, when available in the past, and are expected to continue to do so.

Policy 1 q: Leverage housing assistance funds wherever possible by combining them with funds from State, federal and other sources

Actions

1q-1: Use RDA "20 percent" Housing Set-Aside funds for new affordable housing projects that cover a significant portion of project costs from other funding sources.

1q-2: Continue to work with local legislators and provide input to the State Legislature to ensure that State programs and legislation meet local housing needs and support local housing programs.

1q-3: *Update, as needed, directories of state and federal housing and community development programs that provide financial assistance. Annually identify state and federal programs that are most applicable to Morgan Hill and have the greatest potential for funding affordable housing in the City.*

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds, various state and federal funding programs (specific programs to be identified annually).

Policy 1 r: Provide housing assistance funds in the form of loans wherever possible so that the funds will eventually return to the City for future use

Actions

1r-1: Provide home improvement loans through the City's Housing Rehabilitation program to very low-, low-, median-, and moderate-income homeowners.

1r-2: *Provide financial assistance for substantial housing rehabilitation to rental property owners with very low- or low-income tenants in exchange for long-term affordability (as required by the funding source).*

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds, various state and federal funding programs (specific programs to be identified annually).

Policy 1s: Monitor housing development and housing needs annually to ensure that goals and quantified objectives are being met.

Actions

1s-1: Conduct a major review of housing demand by income and family size using 2000 Census data when that data becomes available in 2002.

1s-2: Review housing objectives annually and recommend program modifications if annual housing objectives are not being met.

Responsibility: Community Development Department, Housing Division.

Timeframe: Annual review to be conducted each year prior to the annual competition for housing unit allocations under RDCS. Major review of housing demand to be conducted in Fall of 2002, provided 2000 Census data on income is available by September 2002.

Funding: General Plan Fund...

Policy 1t: Require all below-market-rate units to be restricted to use as affordable housing for the longest period of time possible, but in no case less than 30 years.

Action

1t-1: Continue to require the recordation of deed restrictions for all affordable units

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds.

Policy 1u: Preserve as many at-risk below-market-rate ownership and rental units as possible.

Actions

1u-1. Continue to extend the affordability restrictions as part of the next sale to eligible purchasers and, if necessary, exercise the City's right of first refusal to purchase BMR units to ensure they remain affordable.

1u-2. *Annually monitor the status of at-risk assisted rental housing units. Contact current property owners of at-risk projects to determine their financial objectives and appropriate financial assistance needed to meet those objectives (rehabilitation assistance, operating subsidies, additional Section 8 vouchers, etc.).*

1u-3. *Assist nonprofit housing organizations in acquiring and/or rehabilitating existing affordable rental housing through the provision of financial assistance in exchange for extending the affordability period as required by the applicable funding source.*

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds, CDBG, HOME Program, other state and federal funds targeted for acquisition and/or rehabilitation of at-risk affordable rental housing.

Policy 1v: Regulate the amount and timing of condominium conversions

Action

1v-1: Continue the City's program to restrict conversion of rental units to condominiums if the rental vacancy rate is less than five percent.⁶

1v-2: *Conduct a semi-annual survey of rental housing vacancies to determine the applicable vacancy rate for implementing the condominium conversion ordinance.*

Responsibility: Community Development Department, Housing Division

Timeframe: Current and ongoing, semi-annual rental vacancy survey.

Funding: Community Development Fund.

Policy 1w: Work to eliminate discrimination in housing based on race, color, religion, sex, age, family size, marital status or national origin.

Actions

1w-1: Refer discrimination complaints to Project Sentinel or other organizations that combat housing discrimination.⁷

1w-2: Allocate CDBG and other funds annually to support Project Sentinel or other organizations which promote fair housing programs.

1w-3: Maintain an equitable buyer-selection procedure through a waiting list process for low-, median-, and moderate-income units.

1w-4: Continue to publicize and broaden understanding and acceptance of City housing programs including the discrimination complaints procedure, through public presentations, publications, news items, advertisements in the Morgan Hill Times and Gilroy Dispatch, public service announcements on the City's local access television channel, and by posting flyers at City Hall, City parks, and at various local churches on a continuing bases.

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds.

Policy 1x: Integrate below-market-rate and other affordable "Set-Aside" units into existing or proposed developments

6 Morgan Hill has a condominium conversion ordinance that limits condominium conversions to no more than five percent of all rental units annually and to times when the rental vacancy rate is five percent or greater.

7 Federal and State civil rights and fair housing laws guarantee the right of citizens to purchase or rent housing without discrimination. State law requires local governments to adopt programs to promote housing opportunities for all. Project Sentinel has been funded in past years by the City using CDBG funds.

Actions

- lx-1: Retain provisions within the RDCS that give higher ratings to projects that create neighborhoods and residential developments of ethnic and economic diversity.

Responsibility: Community Development Department

Timeframe: Current and ongoing.

Funding: Community Development Fund

- Policy ly:** Recognize the special siting and design needs of manufactured housing and mobile home developments through appropriate standards and development requirements.

Action

- ly-1: Continue to implement zoning standards for mobile home parks and manufactured housing developments consistent with State Law to permit these housing options in residential areas of the City. The City will continue to permit manufactured housing on single-family lots subject to the same development standards as site-built homes, and mobilehome parks in the Mulit-Family (Low) density zone. (See Policy 2c for proposed incentives related to mobilehome parks.)

Responsibility: Community Development Department

Timeframe: Current and ongoing.

Funding: Community Development Fund

- Policy 1z:** Promote energy conservation techniques and energy efficiency in all new residential development.

Action

- 1z-1: Retain RDCS incentives for energy conserving building techniques for residential construction by providing additional points in the allocation process for developments that include energy conservation components in excess of minimum state building standards requirements.

Responsibility: Community Development Department

Timeframe: Current and ongoing.

Funding: Community Development Fund

Goal 2. Preservation of the existing housing supply

Policy 2a: Maintain and conserve the City's existing housing stock.

Actions

- 2a-1: Continue the City's Home Improvement Loan Program which provides rehabilitation assistance using both RDA housing Set-Aside and/or CDBG funds.⁸
- 2a-2: Continue City's code enforcement programs with emphasis on rental units, assistance in maintaining affordability, and non-displacement of existing tenants.⁹
- 2a-3: Review the CC-R zoning provisions and design requirements to ensure they are appropriate and flexible in order to facilitate the rehabilitation and retention of existing residential development.
- 2a-4: Ensure that all housing units rehabilitated with City assistance are energy efficient.
- 2a-5: *Continue to provide funding for mobilehome repair and senior home repair programs and neighborhood clean-up and paint grant programs.*

Responsibility: Community Development Department, Housing Division

Timeframe: Current and ongoing. Review the application of CC-R zoning provisions as part of the Downtown Plan update in December 2002.

Funding: Community Development Fund, redevelopment housing Set-Aside funds.

Policy 2b: Promote and encourage the preservation of existing residential neighborhoods.

8 Rehabilitation programs assist owners in refurbishing and improving existing properties, and help keep older housing units in use or on the market. Normally this assistance is targeted for lower income homeowners and for units that are affordable for rent to lower income persons. It is generally cheaper to assist in rehabilitating a unit than to build a new one. Assistance usually takes the form of a loan which is eventually repaid. The funds can then be used again. In Morgan Hill, which has a relatively new housing stock, only a few units need rehabilitation. The City is using RDA Set-Aside funds for acquisition and/or rehabilitation.

9 Cities have the authority to require property owners to correct violations of City codes. This includes plumbing residential, electrical and fire and safety codes. Older areas are frequently targeted for a coordinated code enforcement program. Residential code enforcement programs need to be handled carefully, however. Lower-income property owners often cannot afford to make necessary improvements, and landlords raise rents to cover the cost of code improvements, making rentals less affordable. To preclude such problems, code enforcement programs can be combined with rehabilitation programs to provide low-cost loans and other assistance. The City also requires relocation assistance when older housing must be demolished.

Actions

- 2b-1: Coordinate the planning and funding of neighborhood infrastructure improvements by integrating the Capital Improvement Program with the annual Redevelopment Agency programs.¹⁰
- 2b-2: Support neighborhood code enforcement programs with low cost loans and technical assistance to homeowners. (See Policy 2a regarding City programs for housing rehabilitation, code enforcement, and neighborhood improvement).
- 2b-3: Continue public information efforts to encourage property owners in target neighborhoods to participate in the rehabilitation loan program.¹¹
- 2b-4: Utilizing the Rehabilitation Loan program, continue to assist the expansion of existing units to alleviate overcrowding.¹²
- 2b-5: *Continue to work with nonprofit housing organizations to identify and acquiring dilapidated or substantially substandard housing units for the purpose of rehabilitating or replacing these housing units.*

Responsibility: Housing Division.

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds, CDBG funds, HOME Program funds, other state and federal programs providing funding for housing rehabilitation.

Policy 2c: Preserve and protect existing mobile home parks.

Actions

- 2c-1: Maintain the City's rent stabilization ordinance for mobile home parks.¹³
- 2c-2: Continue the City's program to provide rehabilitation loans to upgrade older mobile homes.
- 2c-3: Contact a nonprofit to work with resident groups to explore the purchase of existing mobile home parks, including providing funding for feasibility studies, assisting in accessing state and federal programs (such as the California Home

10 The City will compare the Capital Improvement Program to the Redevelopment Implementation Plan to assure consistency and coordination among implementing actions.

11 Public information efforts will include distribution of flyers in public places, to community organizations serving special groups, posting of information on the City's web-site, presentations at community events, and press releases to the media.

12 The City will implement this action by continuing to permit the addition of bedrooms and other expansions as an eligible rehabilitation activity to alleviate overcrowding.

13 Mobile home parks often are important sources of low- and moderate-cost housing. (Mobile homes make up 11 percent of Morgan Hill's housing stock.) Seniors on limited incomes frequently occupy mobilehomes. Morgan Hill has enacted rent control protection to ensure affordability of mobile home spaces.

Park Purchase Program), and using redevelopment Housing Set-Aside funding as gap funding.

Responsibility: Housing Division

Timeframe: December 2002.

Achievement: Provided assistance for Millennium Housing to purchase the 166-space Hacienda Mobile Home Park. The purchase ensured 75 percent of the units will remain affordable to lower income households.

Funding: Redevelopment housing Set-Aside funds.

Goal 3. Adequate housing for groups with special needs

Policy 3a: Provide incentives through the RDCS for the production of affordable housing for large families.

Action

3a-1: Continue to implement RDCS criteria that provide additional points for the production of housing for large families in the "Housing Needs" and "Housing Types" sections of the criteria.

Responsibility: Community Development Department

Timeframe: Current and ongoing.

Funding: Community Development Fund

Policy 3b: Assist in providing affordable housing for single parents.

Action

3b- 1: Continue to work with staff of the Shared Housing program and other non-profit organization to acquire or finance the construction of small rental complexes (duplexes, tri-plexes, four-plexes) to provide shared housing for single parents.¹⁴

Responsibility: Housing Division

Timeframe: Meet with Shared Housing Program representatives and representatives of other interested non-profit organizations to review available properties and financing options at the time such properties become available for acquisition

Funding: Redevelopment housing Set-Aside funds.

14 To implement this program, the City will assist the Shared Housing Program and other interested non-profit organizations to identify small rental complexes and assess the availability of such properties for acquisition. The Redevelopment Agency will consider using housing Set-Aside funds and/or assist in applying for state or federal funds for acquisition of one or more small rental complexes for shared housing.

Policy 3c: Promote housing that is appropriate for and accessible to the disabled.

Actions

- 3c-1: Continue to enforce State and federal requirements for accessibility to the disabled in new multi-family units.¹⁵
- 3c-2: Provide low interest rehabilitation loans to make existing residences accessible to the disabled
- 3c-3: Work with nonprofit organizations (Community Solutions and South County Housing are two examples of relationships the City and Agency have with nonprofits) to evaluate the need for additional multi-family units in Morgan Hill for mentally impaired homeless adults.

Responsibility: Housing Division

Timeframe: Contact nonprofits during the second half of 2002 to review the need for additional housing and available properties for acquisition and conversion should a need be identified.

Achievement: Provided \$80,000 loan to Community Solutions to rehab existing transitional housing facility. Rehab to be completed in FY 05-06.

Funding: Redevelopment housing Set-Aside funds, various regional, state, and federal funding sources.

Policy 3d: Assist in providing housing for seniors

Actions

- 3d-1: *Explore the feasibility of a senior housing development by identifying suitable locations for such housing, financial requirements for a senior housing project, and an interested developer and operator.*

Responsibility: Community Development Department, Housing Division

Timeframe: Complete feasibility study and identify potential developers by December 2002.

Achievement: Urban Housing Communities awarded 49 units for senior housing project to be constructed in FY 08-09. Gap financing with RDA being negotiated.

Funding: Community Development Fund, Redevelopment housing Set-Aside fund.

15 State and federal laws require that five percent of multi-family units to be handicapped-accessible or adaptable. These requirements are enforced through the City's Building Division as part of normal building code enforcement. Federal provisions adopted during the 1990s have broadened the applicability of the standards.

Policy 3e: Assist in providing housing related services to groups with special needs.

Actions

- 3e-1: Continue to use CDBG and other available funds to support the provision of housing-related services for groups with special needs such as the elderly, single women with children, and battered women.
- 3e-2: Continue to support agencies providing emergency shelter for homeless Morgan Hill residents.¹⁶
- 3e-3: Continue to participate in the Santa Clara County Homeless Coordinators group to coordinate actions to provide assistance and support to local groups assisting the homeless.
- 3e-4: Continue to participate in the County Intergovernmental Council Committee on Homelessness, or its successor to coordinate actions to provide assistance and support to local and regional homeless service providers. (See Action 3d-2 regarding types of support.).
- 3e-5: *Amend the Zoning Ordinance to permit emergency shelters and transitional housing as a conditional use in the R-3 zoning district subject to the existing conditional use permit requirements of the Morgan Hill Zoning Ordinance. These conditional use criteria relate to design, layout, traffic impacts, and adequacy of the site for the proposed conditional use.*

Responsibility: Community Development Department, Housing Division

Timeframe: Actions 3e-1, 3e-2, 3e-3, and 3e-4, current and ongoing. Amend Zoning Ordinance (Action 3e-5) by December 2002.

Funding: Redevelopment housing Set-Aside funds, General Fund, CDBG.

Policy 3f: Promote home-sharing opportunities for the elderly and for single parents.

Action

- 3f-1: Assist in marketing shared housing programs by distributing flyers and providing messages on local access television to advertise the program and solicit units available to be shared.¹⁷

¹⁶ The Emergency Housing Consortium (EHC) provides emergency shelter for homeless families and individuals. They have a year-round shelter in San Martin and provide winter shelter at a migrant workers camp and the National Guard Armory. The City has provided CDBG and Charitable Contribution funds to EHC since 1986. The County Department of Social Services administers the Homeless Assistance Program which provides temporary shelter grants for up to 21 days per individual or family, and permanent housing assistance with grants to help defray some of the costs of moving into a rental unit.

¹⁷ City has provided funding to such programs as the Shared Housing program and Project Match which provide services to a high percentage of single parent households and elderly, most of these having female heads.

Responsibility: Housing Division

Timeframe: Current and ongoing.

Funding: Redevelopment housing Set-Aside funds.

Quantified Objectives (1999 – 2006)

	Very Low	Low	Moderate	Above Moderate
New Construction	297	228	615	1,186
Rehabilitation	30	45	N/A	N/A
Conservation	15	10	N/A	N/A

Note: The City's new housing construction objective for very low-income households is less than the ABAG regional allocation of 455 dwelling units because the City does not believe there will be sufficient local, state, federal, or private subsidies to finance the construction of 455 very low-income units between 1999 and 2006.

Appendix A: Public Participation

Staff Report

CITY OF MORGAN HILL

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037-4128

DATE: *October 29, 2001*

TO: *City Council, Planning Commission and Housing Element Task Force*

FROM: *Community Development Department*

SUBJECT: *Housing Element Workshop*

Background

In August, the City Council convened a Task Force to assist staff and its consultant, Parsons Harland Bartholomew and Associates, in preparation of an update to the Housing Element of the City's General Plan. A roster identifying Task Force members is attached for Council and Commission review.

Staff and the Task Force have prepared a schedule for update of the Housing Element, which will produce a draft update by mid December. A copy of that tentative schedule is also attached for your review. Upon completion, the draft Element update will be forwarded to the State Office of Housing and Community Development (HCD) for its review and comments. Upon receipt of the State's comments early next year, appropriate changes to the draft Element will be made and hearings before the Planning Commission and City Council will be scheduled.

Workshops

This is the first of two scheduled public workshops for review of the draft Housing Element update. The purpose of this workshop is to review State requirements for the Housing Element update, findings relative to current and projected housing needs in the community, the City's Fair Share Housing Allocation, and an assessment of the number of units the City expects to build during the term of the Housing Element. Jeff Goldman, of Parsons, will summarize this information for workshop participants and answer any questions which may arise. A copy of the draft Housing Needs Assessment is attached for Council and Commission review.

Comments from the Council, Commission and members of the public regarding the consultant's findings regarding current and future housing need will be encouraged. In addition, suggestions for policy direction the Task Force should investigate in order to satisfy future housing needs will be encouraged.

The second public workshop regarding the Housing Element update is scheduled for December 12th. At that meeting, Staff will present an assessment of the effectiveness of the City's current housing programs and recommendations from the Task Force for new or modified programs or strategies to meet our future housing needs.

Minutes of the October 29, 2001 Joint City Council-Planning Commission Workshop

CITY OF MORGAN HILL

SPECIAL CITY COUNCIL MEETING AND

PLANNING COMMISSION MEETING

MINUTES - OCTOBER 29, 2001

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

City Council

Present: Council Members Carr, Chang, Sellers, Tate, and Mayor Kennedy

Planning Commission

Present: Commissioners Acevedo, Benich, Lyle, McMahon, Mueller, Sullivan, and Weston

Housing Element Task Force Members: Shanna Boigon, Jeff Perkins, and a representative of South County Housing.

Staff present: City Manager Tewes, City Attorney Leichtner, Business, City Clerk Torrez, Business Development Director Toy, Director of Community Development) Bischoff

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor Kennedy, City Clerk Torrez led the Pledge of Allegiance.

WORKSHOP:

1) HOUSING ELEMENT WORKSHOP

Director of Community Development Bischoff, introduced Jeff Goldman Principal Planner of Parsons, Harland, Bartholomew and Associates, Consultants for the Housing Element update. Mr. Bischoff reminded all present this is the first of two meetings planned for the update, the next being scheduled for December 12. During this phase (2) of the update, he said, the Task Force is charged with looking at past achievements, where the City is now, and whether or not there is a need to pursue further gains for the present. Mr. Bischoff also distributed materials to be referenced during the meeting.

Mr. Goldman delivered presented the staff report of four components:

4) Review of State Requirements for Housing Element Update

This being the 2001 Housing Element Update, an overview of legislation dealing with the issues which are responsible for change since the last update were noted by summation.

The requirement for update(s) became law 20 years ago with a legislative decision that all residents of the State of California, regardless of income, are entitled to a safe, secure, properly constructed dwelling. It is mandated that every four years the Housing Element be updated with input from local government and the general public.

Review of Housing Element Update Process

There are four requirements of the review:

- a) identification and inventory of housing needs, with emphasis in specific categories, e.g., seniors, farm workers, single heads of household, etc.*
- b) each City and County is to evaluate what has been done; further to assess whether to continue, modify, increase effectiveness, add or delete factors in the existing housing elements.*
- c) Define the goals and policies of the programs anticipated*
- d) Develop a five year schedule of quantify objectives in the presence of existing affordable housing and project reasonable methods for meeting the goals set by governmental agencies.*

Review of findings Regarding Current and Future Housing Needs

Advance a five year schedule of quantifiable intentions in the presence of actual affordable housing and calculate credible methods for addressing the goals set by governmental agencies.

Review of ABAG Fair Share Allocation and Projection of City Housing Production

With the assignment of arbitrary numbers of housing need projections for the City, the abilities of the Council and Commission to identify and quantify zoning areas for increased affordable housing is paramount.

Mr. Goldman provided an overview of the Housing Element (HE) update relating to the fact that the California Housing and Community Development Department (HCD) must review the HE before adoption by the City Council. Further, the local Council must consider the comments of HCD. HCD must include in the comments provided: the appropriateness of the current element, whether it retains validity, is in compliance, and is "on track" as a basis for the new HE. Mr. Goldman cautioned that the report completed by HCD carries considerable weight in the judicial arena. Although, he continued, anyone can challenge the HE. In many cases, it is possible to use the HCD report to advantage of the complaint; conversely, the City may use the report for benefit, as well.

"There are two separate issues dealing with future planning for HEs," Mr. Goldman said. "The regulations imposed by the Association of Bay area Governments (ABAG) on local entities in the form of projected housing needs and the numbers of housing units (to be incorporated into the plan for meeting 'identified' needs) assigned to each of the local entities - both Cities and Counties." He continued that ABAG has said that since the City is not a builder per se, the only obligation is to show the method, e.g., zoning, for getting the allocations in place.

Because of fiscal constraints, there was a four-year hiatus to the legislation for HE updates, there was discussion regarding whether the current figures listed in the draft report presented might have been increased. The consultant indicated this to be unlikely as the numbers of housing units to be increased as assigned to each entity are totaled at the State level with assignment to regions. Mr. Goldman noted that ABAG has the obligation of figuring out how to allocate the numbers.

ABAGs regulations cover a 7 ½ year period: January 1, 1999 to June 30, 2006, during which time the numbers of housing units projected as increase for each of the local governments affected must be addressed.

The timing of completion of the HE update was discussed. The issue was raised that there appears to be a need for urgency in delivery of the completed document. Mr. Goldman and Mr. Bischoff indicated the importance of delivering a reliable draft document is optimum, with both expressing the opinion that this will be accomplished. Such action will, Mr. Bischoff asserted, show good faith effort and that will most likely suffice for continuation of the effort without penalty.

As to ways to display efforts for having a HE which is in compliance with the required projected numbers of housing need with the restraints of Measure P, discussion ensued regarding:

- Mobile Home Parks
- Second (2nd) Unit Housing
- Density concerns
- The (continued) viability of Measure P
- The need to address significant differences of housing availability not explained by income
- How the City leaders can demonstrate reasonable accommodation (not construction) of increased density
- The perceived "gap" of housing available for moderate income level families
- The fact that the area-wide economy has no bearing on the accommodations as listed by ABAG
- The observed need to have an oscillation to Measure P, so that the City leaders can retain control while meeting the demands of the State and Regional governments
- The burden caused by the past need to use future allocations under Measure P to ensure orderly completeness of development
- The fact that City financing had been part of an effort to meet the local needs which might be turned to detriment in future housing need(s) planning
- Local building code requirements versus the ambiguity of State regulations
- Effect on the Downtown area of the City in light of the numbers projected by ABAG, those numbers being set and unchangeable
- The hurdles involved in updating Measure P to reflect the needs presented by the issues applied by the HE update
-

Task Force members requested the Consultant to revisit a variety of issues: specified tables in the draft report, age groupings, and a proposal for more innovative alternatives for low income housing, and methods for encouraging residents to remain in the community following retirement. Mr. Goldman indicated willingness to do so.

Council Member Carr, who chairs the HE Update Task Force, thanked all who attended and urged creative thinking to provide input into the HE update, saying, "It is important to think of alternatives to Measure P, which was given to us by the voters of the City." He also reminded all present of the need to give attention to the schedule for completion to be followed.

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

No items were noted.

ADJOURNMENT

Adding his thanks to participants, Mayor Kennedy adjourned the meeting at 9:00 p.m.

MINUTES RECORDED AND PREPARED BY:

Judi Johnson, Minutes Clerk

Sample Public Notice

Note: Sample Public Notice to be included in final version.